The New REPUBLIC

A Journal of Opinion

VOL. LXXI NEW YORK, WEDNESDAY, JULY 13, 1932 NUMBER 919

Contents

The Week 217

Editorials

The Democratic Bid..... 219
Sauce for the Goose..... 220
Friends of Mr. Insull 221

General Articles

Our Economic Bootstraps.....C. H. Whelden, Jr. 223
A New Deal for America: III.....Stuart Chase 225
Mexico Expropriates .....Carleton Beals 227
The Big Wind at Chicago....Robert Morss Lovett 228
Out of the Red With Roosevelt....John Dos Passos 229
The Forgotten Manhattan .....Felix Ray 232
Growing a Little Older (verse)..Mark Van Doren 233
Washington Notes .....T. R. B. 233
Remonstrances and Arrears.....Paul Rosenfeld 234
The New Republic College Contest..... 236

Correspondence..... 237

Reviews of Books

Water in the Hold.....Ernest Gruening 239
Imperialism on Trial.....Raymond Leslie Buell 239
Prologue to Revolution.....Avrahm Yarmolinsky 240
Washington and Howe.....John Hyde Preston 241
The Romantic Temper.....Myra Marini 242
Book Notes 242

The Week

SEVERAL times in recent months, Italy has come forward with proposals in international policy which have deserved the approbation of all lovers of peace. Mussolini's enemies say that he is hypocritical in making these suggestions; but we have no right to assume that this is the case until some evidence is given that Italy would not accept the fruits of her own demands if they were put into effect. The latest of these efforts has come this week at Lausanne, when the conference was on the point of breaking up. Dino Grandi, the Italian Foreign Minister, came forward with a proposal that reparations and all intra-European war debts should be canceled completely and without waiting for the United States to take similar action. To be sure, cynics will say that Italy has far less to lose than France or Great Britain by such a scheme; but that does not detract from its merit. If all tator, this is the first thing he would propose, and particularly since it is obvious that Germany can pay little more at present and that the Allies are having increasing difficulty in doing so.

THE Italian proposal is, of course, to be studied in the light of its possible effect on the American attitude. While it may be that Americans, seeing the private loans to Germany made more secure through cancellation of reparations, would thereupon lose their interest in cancellation of the war debts, it is in our opinion more likely that the result would be of an opposite character. Once Europe has done all she can to set her house in order, we believe that a strong public opinion would develop in America in favor of taking the final steps toward ending political debts—particularly since an increasing number of our people are beginning to realize how they hang as a dead weight upon our foreign trade. We take it for granted that the Italian scheme will not be adopted, at least in its present form, because of French opposition. But whether adopted or not, it remains sound sense.

THE changes in the control of industry during the past few decades were compactly described the other day by Morris L. Cooke of Philadelphia, widely known as an engineer and public-utility expert. In a document privately but broadly circulated, he writes:

> Even as recently as when I began to do organization work, ownership was almost exclusively responsible for the zest in management. Then came a period in which ownership inspired only a part of the drive for results and profits. Management salaries and, in some of the larger units, management bonuses, were frequently even more important in the whole picture than ownership. In later days—and especially in the utility industry—ownership of common stock (particularly the voting issues) carrying with it the power to combine and coöperate in the building of flimsy holding-company structures, overshadowed all other influences in the drive for capital and operating economies.

Still a different cycle is reflected in the fact that today in a company like the Electric Bond and Share,

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ing one-fifth of one percent of the total. Six of the directors own less than 1,000 shares out of four million. What are to be the compensations of these directors and where do they come from?

The situation in the Electric Bond and Share Company, to which Mr. Cooke refers, was revealed accidentally and against the will of the directors. Application was made to list the company's shares on the Boston Stock Exchange, the figures were revealed to exchange officials, and they were made public by channels which are not now known. It is possible, of course, that some of the directors of the E. B. and S. may have shares in names other than their own; but there is no proof or any reason to suppose that such is the case.

NEW REPUBLIC readers will remember that we recently commented on an amazing transaction in the stock of this company ("Power Trust Morals," The New Republic, April 13, 1932). Under a veil of strict secrecy, the directors had some years ago distributed to a group of employees of the company 480,000 shares of its stock at $40 a share, although it was then selling at about three times that rate. The employees bought it on the instalment plan and, after the crash, some of them were embarrassed in meeting their payments; so the directors played Santa Claus, canceled the transaction, gave the employees back their money and even paid them interest on it for the full period of the transaction. The cash loss to the company was about $17,000,000; the loss of potential profits by selling at less than the market rate was about $91,000,000. Stung by criticism of this transaction in The New Republic and elsewhere, six directors of the Electric Bond and Share Company recently issued a statement defending their actions in giving away $91,000,000 of the stockholders' money. It is interesting to see the number of shares owned by each of these gentlemen at the end of March of this year, only a few weeks before they issued their statement:

	Number of shares of common stock
E. K. Hall	7
George H. Howard	215
Edwin G. Merrill	707
William C. Potter	36
Lewis E. Pierson	2 2/3
Frederick Strauss	0

Of the other directors, Sydney Z. Mitchell, chairman of the board, is recorded as owning 8,800 shares. W. C. Lang, controller, has 439 and Frederick A. Farrar, 385. Irresponsible control of a vast corporation could hardly, we submit, go much farther. The New Republic is not at all dismayed to find control divorced from ownership; on the contrary, that seems to us a move in the direction of the social good. But when control is divorced both to earn profits nor by the technician's ambition to do a good job, then a situation has been created which is full of danger.

THE trials of the Harlan miners accused of conspiracy to murder as a result of the famous Evarts battle are dragging their slow length through the Kentucky courts. Though the battle took place more than a year ago, thirty-seven men are still waiting in jail to be tried. Only five have already appeared in court. Of these, one was acquitted, three have been sentenced to life imprisonment, and the trial of the fifth ended last week in a hung jury, eleven of the jurymen voting for acquittal and only one for conviction. At the rate at which the trials are now progressing, it will be months if not years before the thirty-seven remaining prisoners will have their cases heard. Meanwhile the General Defense Committee, which is handling their cases, is desperately trying to raise funds to sustain the miners' side of the struggle against the combined forces of the coal operators and the courts.

THE behavior of the German National Socialists (the Hitlerites) clearly shows that they already consider themselves masters of the situation. The Völkische Beobachter, Hitler's personal organ, issues orders to the von Papen government in daily scareheads, threatening immediate reprisals after July 31 if these are not obeyed. In this way it has forced the present regime to dismiss most of the small number of Socialists, Democrats and Jews who have been appointed to important ministerial positions by Republican and Socialist governments in the past. Meanwhile the anti-Semitic activity of the National Socialist party has entered upon a stage of open provocation. In the Prussian Diet, a Fascist motion demanding the confiscation by the Reich of all property belonging to Jews who have entered Germany after August 1, 1914, has been adopted—in true American style—as a rider to a tax bill. Whether a National Socialist government would actually dare to go to this extreme is questionable. But that this party should venture to present a measure of this sort for adoption in the legislature of Germany's most important state is in itself a significant omen.

THE scandalous attack on the Jewish students of the great Friedrich Wilhelm University in Berlin is another link in the chain of Fascist anti-Semitic activity. A delegation of Nazi students demanded of the Rector the immediate expulsion of all Jews. Upon his refusal, they insisted that Jewish students be forced to enter the university grounds by way of the side gates, used by servants and attendants, instead of the famous front portal reserved since time immemorial for the faculty and the student body. Again the Rector refused. Thereupon the Fascists took matters into their own hands and fell upon every Jewish student who attempted to use

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quell the riot that followed and all scholastic activity was suspended pending a decision of the directorate. The aggressors informed the university authorities that they would demand not only the expulsion of every Jewish student, but the discharge of all Jewish and radical faculty members as well. The Angriff, official organ of the National Socialists of Berlin, fully supported this outrage as the performance of a holy duty.

TO WHAT degree the von Papen government is dominated by Hitler is evidenced by the proceedings instituted against the Vorwärts, the central organ of the Social Democratic party, and the Kölnische Volkszeitung, the most important paper of the Centrist party. Upon the refusal of the Prussian Social Democratic Minister of the Interior, Severing, to suppress these papers for five days for the publication of some cartoons, the charge was referred to the Reichsgericht in Leipzig, which, with surprising haste, confirmed the judgment of the von Papen Cabinet. That the judges of this highest German court were appointed by Social Democratic and Republican governments adds to the irony of the situation.

EACH period of American history, each mood of the American public, calls forth its own magazines as mirrors of the time. Even during these depression years, when older periodicals are losing circulation and advertising revenue, new ones continue to be founded. Latest to appear is The National Spotlight—which, so the editors declare, "is just what its name implies. We intend to focus the spotlight of publicity and searching comment upon each successive act of the rapidly changing national revue." Perhaps the figure is badly chosen. The editors and contributors are not stage electricians: their real tools are the dungfork and the mucking shovel. Working in the rich soil of Washington, they discover what everybody expects them to discover—namely, that American politicians from the President down are pompous nobodies. Moving on to New York, they proclaim that the literary racket is just as crooked as politics—or, for that matter, as professional wrestling, to which another article is devoted. Some of the mucking work, especially the Washington letter by Robert S. Allen, is efficient, and all of it is carried on in an atmosphere of savage humor. The editors offer no remedy for the evils they describe; "economically The Spotlight subscribes to no 'ism' that pretends to offer an immediate panacea for all the evils of the universe." They have, as a matter of fact, no program whatever, except that of universal exposure. But sooner or later, if the magazine survives and the depression continues, they will be forced to adopt a program; for the public temper which produced The Spotlight is changing already. People are no longer satisfied with saying, "What a lousy world we're living in"; they are beginning to look around for disinfectants

The Democratic Bid

I. The Candidate

IN NOMINATING Franklin D. Roosevelt, the Democrats undoubtedly put forward the best man among those who had any chance at all of being chosen. We are well aware of the objections to Mr. Roosevelt, and have stated them on several occasions in our pages; but these objections are on the whole not so serious as those which apply against Baker or Ritchie, Garner or Murray. If for nothing else, it would be hard not to feel somewhat drawn toward Roosevelt by the enemies he has made. All the most reactionary elements in American life, both within and without the Democratic party, have united in opposing him. The public-utility interests in particular are charged, on good authority, with having gone to Chicago and poured out money (not necessarily through illegal acts) to obtain his defeat. All these gentry keep telling us over and over that Roosevelt is only a pseudo-progressive; but their actions show that they believe him to be a genuine one on several public questions, notably on the desperately important one of electric power, and they hate and fear him for that reason.

If Roosevelt goes to the White House, he will almost certainly make a far better President than Hoover, or anyone else since Wilson. He is charged with irresolution, with trying to please mutually irreconcilable camps; but if we are to have candidates at all, some allowance must be made for the preliminary hypocrisies which are so firmly interwoven with our political life. Roosevelt did not vacillate in conducting the affairs of New York until he entered the dismal swamp of his candidacy. It is true that his nomination was obtained in part by men who overestimated his progressivism, just as it was also obtained in part by men who underestimated it. But if he goes to the White House, he will probably be as free from embarrassing commitments as any other President of this generation, and is likely to exhibit more forthright qualities of character than his enemies now expect.

II. The Platform

If the Democrats had written this year's platform in 1928, it would have seemed much better than it does in 1932. There are some good passages in it, though others are ambiguous or meaningless. It suffers from the usual blight of trying to please too many kinds of people, including those who are in strong disagreement with one another; but most of all, it suffers from being hopelessly inadequate to the needs of the day. The Democrats call for "a sound currency," which in practice can only mean a continuance of the Hoover deflationary policy. They demand "a competitive tariff for revenue," a curious phrase which no one has yet been foolhardy enough to seek to interpret. The

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on the anti-trust laws goes back to the early days of Theodore Roosevelt; their recommendations on the stock market, regulation of utilities and bank supervision are admirable as far as they go but they only go far enough to suggest, in effect, that the country shall try to return to eighteen-eighty and start over from there. The Democrats sensed the desirability of sounding more radical than the Republicans, and tried hard to do so; but radicalism cannot be synthesized overnight out of political opportunism and mean anything.

The net result is actually about 10 or 15 percent more progressive than the platform of the Republicans. While the "courage" of the prohibition plank is being generally hailed, actually this plank represented, not the conviction of the delegates, but their truckling to a supposed change in public sentiment. And in any case, everyone knows that platforms are not to be taken seriously. The performance of the party in Congress, plus the personality and record of the presidential candidate, are the real clue to the future. The Democrats in the past few years have in Congress been only a feeble echo of the Republicans. The real initiative, and the only one, in opposition to the forces of conservatism has come from the progressives of both parties. There is no reason to believe that the Democrats have suffered any change of heart. The balance of power in the convention has swung back from the East and the cities to the West and the rural regions; but this was because of dissatisfaction with the Smith-Raskob leadership, and did not represent to any important degree the economic dissatisfaction which is now particularly in evidence in the Middle West. That unrest was not portrayed in the Democratic Convention and is not yet reflected by any new alignment in Congress.

III. The Chances

With Roosevelt as their nominee, and with such a platform as was adopted in Chicago, what hope have the Democrats of winning the election this year? While it is too early to speak with assurance, on a basis of present evidence their chance seems fairly good. So far as prohibition, the perennial red herring of American politics, is concerned, no Wet Democrat has any reason either to abstain from voting or to vote Republican; and many Wet Republicans will probably vote Democratic because of the latter party's unequivocal stand. Dry Democrats are less likely, on the whole, to abstain from voting than are Dry Republicans. Much depends, to be sure, upon the economic conditions between now and the election; a partial restoration of prosperity would increase Mr. Hoover's chances, and some thoughtful students of business believe that at least a slight upturn may come in the early autumn. But certainly it remains true that the Democrats have the best chance they have had since 1916; and that from the standpoint of pure pro- cards with exceptional—and in their case, almost unparalleled—skill. At the same time we hardly need tell our readers of The New Republic's belief that neither the party nor its candidate is any more capable than the Republicans of actually coping with the emergency which confronts the country.

Sauce for the Goose

IN A MUCH quoted passage, Walter Bagehot declared that the charges which contemporary critics bring against statesmen rarely if ever hold valid in later years. This, it seems, will almost certainly be true of the criticisms which the French press is now leveling against the late Dr. Gustav Stresemann who, as German Foreign Minister, was one of the architects of the Locarno edifice and the engineer of Germany's entrance into the League of Nations. Stresemann died before the autobiography which he had planned to write was more than barely begun. He left, however, a mass of papers —fragments of a journal, private memoranda, notes for speeches and personal letters. His literary executors have begun to publish these materials in Germany and in France, and in the latter country, they have been greeted by loud cries of anger and disappointment.

The chorus of criticism, curiously enough, does not come from the Left—from the sections of opinion which are somewhat internationalist. On the contrary, the chorus is led by M. Pierre Bernus, foreign editor of Le Journal des Debats, ably seconded by Le Temps and L'Echo de Paris. These are the critics who were hostile to Briand and his policy because he was not being a good Frenchman exclusively but was a good European as well. The charge against Stresemann is that his papers show him to have had a German as well as a European policy, and to have framed the latter in order to advance German interests. Apparently the French wish their own foreign ministers to be good Frenchmen and not good Europeans, and the foreign ministers of other countries to be good Europeans first and not good Germans or good Englishmen.

From one angle, it is regrettable that the Stresemann papers have been published at the present juncture, when Franco-German relations are in such a sorry state. On the other hand, perhaps some advantage may result from exacerbating those relations which may well have to be worse before they can get better. In any event, the tumult and the shouting over the Stresemann papers will die rather quickly, for the alleged indiscretions are not very indiscreet. They were made for the most part in communications to his political opponents—the German Nationalists—who were opposing th Locarno treaties and Germany's entrance into t League. In order to succeed, Stresemann sought to answer the criticisms of this opposition and to

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Hence he argued to the Nationalists that the renunciation of Alsace-Lorraine and the guarantee of Germany's western frontier were really no sacrifice of German interests. A successful war against France to rectify the western frontier was impossible. Germany's interests would be advanced by having the Rhineland evacuated as quickly as possible and by improved economic relations with France. There had been no renunciation of territorial claims in the East. Germany agreed not to use force against Poland in order to get the Corridor back, but the Eastern frontier was not guaranteed and its revision could be sought through diplomacy. This was a realistic analysis of the situation, but it was the only kind of argument which the Nationalists could understand. Similarly, in urging Germany's entrance into the League, Stresemann stressed the resulting opportunities which Germany would have to exercise a liberum veto as a permanent member of the Council when the Covenant required unanimous decisions, to voice the grievances of German minorities in other countries, and to urge that the disarmament pledges of the Covenant and of the Versailles Treaty be carried out. But when has any other member of the League failed to look to Geneva to protect its own interests?

Such is the general tenor of the Stresemann documents, but the critics have taken particular note of a letter to the Crown Prince. For the Foreign Minister of the German Republic to address any kind of communication to the ex-Kaiser's son would have been a blazing "indiscretion," but insult is added to injury by one sentence in the letter.

Stresemann told the Crown Prince that Germany should follow the formula "which Metternich, I believe, adopted in Austria in 1809: to finesse and to avoid making great decisions." But here the quarrel in essence simmers down to a question of correct translation. The German word is *"finassieren,"* which the French translate as *"finasser,"* but the German word has no connotation of trickery. The French word has. On this slender substance the French Nationalists are hailing Stresemann as another Bismarck.

The controversy, as has been said, discloses lines of reasoning which seem curious. Why should it be supposed that Stresemann wished Locarno and sought Germany's entrance into the League in order to advance French or European interests rather than German interests? Surely Briand thought first of French interests. It was his idea that he could advance them best by being more international than the obtuse Poincaré, and M. Bernus and his associates denounced Briand because his foreign policy was not exclusively and sufficiently pro-French. Are the French really logical? Sometimes it seems doubtful, for they fail to remember their proverb: *"Ce qui est bon à prendre est bon à rendre,"* which may be put down in English as "What is sauce for the goose is sauce for the gander."

Friends of Mr. Insull

IN MR. John T. Flynn's excellent analysis of "What Happened to Insull" (The New Republic, May 4,) he did not emphasize one element in the catastrophe for which Mr. Insull's victims are themselves responsible. One factor in his undoing was the total failure of the Illinois Commerce Commission to function in protection of citizens connected as investors or consumers with the utilities managed by him. There was no lack of warning. Ever since a chairman of the Commission was refused a seat in the United States Senate because of receiving enormous campaign contributions from Mr. Insull, it has been evident that this body was eating out of the magnate's hand. The irony of the situation is that if the Commission had exercised its restraining authority, the ruin of the Insull system and of Insull himself might have been averted. Events since the collapse have shown the inefficiency of the Commission, and its indifference to the public welfare which it was set up to guard, and have furnished another scene in the widely played farce of the control of business, in its relation to the public, by political government.

On May 24 the three operating companies at the base of the Insull structure asked the Commission for authority to issue $70,000,000 in bonds, apportioned as follows: to the People's Gas Company, $20,000,000 at 5½ percent; to the Commonwealth Edison Company, $18,000,000 at 5½ percent; to the Public Service Company of Northern Illinois, $32,000,000 at 6½ percent—the bonds to be sold at 85. The application was set down for immediate hearing, and permission was granted on the following day. So far as the formal record shows, there was no opportunity for investigation of the transaction by the Commission itself (although it claimed to have done so) and there was certainly no opportunity for interested persons to be heard. Thereupon the Utility Consumers' and Investors' League of Illinois requested a reopening of the proceedings in the public interest. The League pointed out that the rate of interest is in excess of that provided recently in the bond issues of other utility companies, and that the profit to the underwriting banks in commissions and premiums may run to a considerable portion of the proceeds, perhaps as high as $10,000,000. Moreover, the League challenged the use to which the money is to be put. A large portion of the proceeds are to be used to acquire the stock of affiliated companies now held by investment subsidiaries of the Commonwealth Edison and the Public Service Company of Northern Illinois, which have the same officers as the parent companies. For example, the Commonwealth Edison has an investment of $90,000,000 in its subsidiary, which in turn holds stock in affiliated mining and transportation companies. It now purposes to pay

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panies, in order to transfer their stock to itself. The League pertinently inquires why the investors in the Commonwealth Edison and in the Public Service Company should have their equity reduced, why its customers should run the risk of having their rates increased, by an issue of bonds, when a simple exchange of stock between the controlled companies would suffice. By this device the issue of $12,000,000 in bonds, and fixed charges of $720,000 a year, might be saved. In the case of the People's Gas Company $7,000,000 is apportioned to acquiring the properties of its own subsidiary, the People's Gas Stores.

In view of the financial dealings of Mr. Insull, which have resulted in the loss of hundreds of millions of dollars to purchasers of his securities, it would seem that the Commission should exercise the closest scrutiny in passing upon further applications of his companies. It would seem that the new management of these companies, on behalf of the banks interested, should seek to reëstablish the confidence of investors and consumers alike in their business acumen and fair dealing. It might be supposed that the Chicago press, concerned to set the credit of their community in the best light before the nation, would vigorously espouse the contention of the League. It was otherwise. Professor Paul H. Douglas of the Department of Political Economy of the University of Chicago and president of the League appeared before the Commission on June 15 to ask that the case be reopened. The hearing on that day was occupied by the Commission with general aspersions upon the motives of the League. On the second day the Commission had evidently received new ammunition. Commissioner Kuhn was permitted to ask:

"Are you a member or have you been a member of the Peace Association of Friends?"

"Are you a member, or have you been a member, of the Sacco-Vanzetti National League?"

"Are you now or have you ever been a member of an organization known as the League for Industrial Democracy?"

"Are you a member of an association known as the Proportional Representation League?"

"Have you been or are you now a member of an organization known as the American Trade Union Delegation to Russia?"

The same questions were asked with reference to the Education Committee for Thomas and Maurer, the Illinois Committee on Militarism in Education, the League for Independence of Political Action [(sic), the Committee on Cultural Relations with Latin America, the American Society for Cultural Relations with Russia, the Adult Education Council of Chicago, the Chicago Civil Liberties Committee. There were other questions with reference to various lectures and articles. Commissioner Kuhn explained that these questions were asked for the purpose of arriving "at the interpretation of the petition and the purpose for which it is filed." The Professor Douglas if he were the Douglas referred to in a pamphlet denominated "Red Revolution," written by Mrs. Albert M. Dilling, as "a socialist leader and intimate of Communist party executives." Commissioner Kuhn had been well coached, but his questions occasionally betrayed some confusion of mind, as for example:

"What is the Sacco-Vanzetti National League, and who are Sacco and Vanzetti, or are they Communists who are in great trouble?"

All these questions were objected to by counsel for the League as irrelevant, and Professor Douglas declined to answer them. Mr. Harold Ickes, of counsel, carried the war into the enemy's country by suggesting that Mr. Insull be called to answer about his activities in the community and his campaign contributions. This line of inquiry, however, was speedily blocked. There was some sparring about the list of members of the League, which was furnished, but in which investors and consumers were not distinguished. The petition was then denied on the ground that the petitioners had no proper interest in the matter, that the officers of the League were seeking "to put in propaganda against the actions of public officials of this state," and "its president, generally speaking, is not satisfied with our form of government, and its form of operation."

Evidently Professor Douglas and the League are dissatisfied with this "form of operation" of government, and who will deny that they have grounds for dissatisfaction? The Commission takes a very limited view of its function when it refuses to hear petitioners who are thus dissatisfied. It takes refuge in a silly evasion when it complains: "This is no time to criticize people in public office." It would seem, in view of the situation existing, that a storm of dissatisfaction might rise in the city of Chicago violent enough to force the Governor of Illinois to reorganize his Commerce Commission. Failing this, the whole deal, and in particular the connection of the banks with it, should form part of an investigation like that which was recently carried on by the Committee on Banking of the United States Senate

THE NEW REPUBLIC

PUBLISHED WEEKLY AND COPYRIGHT, 1932, IN THE U. S., BY THE NEW REPUBLIC, INC., 421 WEST 21ST STREET, NEW YORK CITY. BRUCE BLIVEN, PRESIDENT. DANIEL MEBANE, TREASURER.

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RATES: SINGLE COPIES, FIFTEEN CENTS; YEARLY SUBSCRIPTION, FIVE DOLLARS; CANADIAN, FIVE DOLLARS AND FIFTY CENTS; FOREIGN, SIX DOLLARS; THREE MONTHS' TRIAL, ONE DOLLAR.

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Our Economic Bootstraps

Can We Restore Prosperity by Pumping Up Bank Credit?

HERE IN the United States we are engaged in an attempt to revive what we call prosperity by an expansion of bank credit. The theory involved, however, is invalid, for it rests upon two confusions—first, the confusion between permissive means for business expansion and an impelling motive which would actually lead business to expand; second, the confusion between the aggregate available amount of purchasing power and the rate of use of such purchasing power. Our economic processes are more largely "directed" than "automatic." There are definite interrelations among money, credit, prices and business activity, but these interrelations are maintained through the factor of "direction by human minds exercising choice" rather than through any vague economic forces in the guise of "natural laws."

After a period of rapid growth in the use of credit by expanding business there comes a check to the further expansion of credit. At times this is partly due to a serious encroachment upon the reasonable limits of cash reserves of the banks, at the foundation of the credit structure, but more generally it is due to declining confidence, caused by accumulated burdens of debt, in the prospective earning power and repaying power of borrowers. As the flow of new credit purchasing power is checked, the general rise of prices, which had created optimism in business, is retarded, and lagging prices begin to catch up with the procession, thereby narrowing many profit margins. With narrowed prospects for more difficult profits, business men begin to liquidate indebtedness and curtail operations in order to avoid, so far as possible, current financial loss. The use of credit purchasing power is thus further reduced and the price level turns downward. A cumulative loss of confidence in the earning power of business is induced by the falling prices, and forced liquidation speeds the decline.

Taken on an international scale we have here an outline of the development of our present depression, aggravated by the economic and political effects of obligations for reparations and war debts, effects postponed but intensified by the large flow of private American loans abroad culminating in 1928, and by the effects of mounting nationalistic restrictions upon the international exchange of goods and services.

Although a limitation on the expansion of credit is of primary importance in putting an end to a period of "prosperity" and introducing a depression into business activity, an expansion of the available credit is not of primary importance in initiating a revival in business activity. As a depression wears on, there are resources of credit lying idle. The idleness of credit results in part from the unwillingness of the directors of credit, the bankers, to lend even on obviously conservative risks, so deeply do they feel the necessity for complete liquidity of their resources. In greater part this idleness of credit results from the unwillingness of the directors of enterprises, the business men, to borrow in the face of an uncertainty of profit or the certainty of loss from their consequent operations. The bankers may invest some of their otherwise unused resources in bonds outstanding, and the improvement of the bond market may be one element helping gradually to restore some hope of profits among business men, but much more is necessary to induce real revival.

Two conditions must develop before the directors of enterprise will be willing to use credit in volume. The balance within the price system must be redressed so that there exists a possibility of reasonable profit margins throughout nearly all phases of economic activity with the consequent reopening of the channels of mutual demand, thereby restoring the prospect of adequate profit on an adequate volume of business; and second, the process of liquidation must go far enough to reduce the burden of old debts, by one means or another, to a point of relative safety, so that contemplated new commitments will not be jeopardized by unrectified errors of the past. When such conditions have been attained, business men will again be disposed to draw upon available resources of credit to expand their operations. As the additional credit purchasing power is put to use, the level of prices is started upward and there results, particularly in the earlier stages of the rise, a further improvement in the prospect of profit. The existence of available credit is important, but in itself it initiates neither business revival nor the attendant rise of prices. Until the necessary correction of price relationships has been effected and a sufficient liquidation of old indebtedness has been accomplished, the available resources of credit purchasing power will lie relatively unused, the cheapness of credit being ineffective as a stimulator of business revival in the face of the unfavorable influence of these two major factors of unbalanced prices and congealed debts.

A few figures will illustrate the extent to which the decline of prices and of business activity in the current depression has accompanied a reduction in the rate of use of available purchasing power rather

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amount of purchasing power. It is to be remembered that of the two elements of purchasing power, credit and money, credit bulks much the larger. As between the first part of 1929 and the first part of 1932, our total volume of trade declined about 40 percent and the general level of prices about 22 percent, the combined dollar level of business activity having shown a net decline of about 53 percent. In this same period the rate of use of credit, measured by the turnover of bank deposits, also showed a decline of 53 percent, while the amount of credit directly available for use, expressed by the deposit liabilities of all banks, declined only 9 percent. Meanwhile the amount of money in circulation increased by 21 percent, but the rate of use of money is calculated to have declined 31 percent. It is clear that the element of outstanding significance in connection with the depression of business has been the decline in the rate of use of purchasing power rather than any disappearance of actually available purchasing power.

The dollar level of business activity reflects, for the most part, the judgment of business men as to prospects of profit. So long as those judgments are unfavorable, because of a lack of balance within the price system and because of the burdens of old indebtedness, the dollar level of business activity must continue depressed. Under such conditions an increase in the potentially available resources of credit, in the use of which business men, by and large, could see no profit, would merely tend to create a further decline in the rate of use of the total available credit, without any effect upon the volume of business activity or upon the level of prices. Under such conditions, however, we have been attempting in the United States to promote a revival of business activity by just such an expansion of the total amount of credit available for use. The lack of success attending these attempts calls for no astonishment.

The National Credit Corporation, a highly ineffective instrument for any conditions; the Reconstruction Finance Corporation, an instrument useful only for checking excesses of liquidation and softening the impact of liquidation by safeguarding the refinancing of embarrassed enterprises of selected types; and the Glass-Steagall Act, which liberalized the borrowing power of member banks in the Federal Reserve System and also made it possible for the Federal Reserve Banks to adopt a "plentiful money" policy without that immediate danger to our gold standard which otherwise would have existed, have been the chief instruments employed in the attempt to obtain "prosperity" through expanded credit. The instruments have produced no such positive effect. Even with more direct operations embodied in large and continuing purchases of government bonds by the Federal Reserve as a means of "pumping credit into the market," no ing into business uses. No such flow should have been anticipated, and sufficient evidence that any such anticipation has evaporated is given by the recent formation of the Committee of Twelve by Governor Harrison of the Federal Reserve Bank of New York and by the announcement from Secretary Mills that similar committees will be formed in the other Federal Reserve districts. These committees are supposed to bring together available resources of credit and worthy business enterprises which otherwise might have been overlooked for some time to come.

These planning and directing bodies may have some success in starting us toward a revival of business. Whatever success they have will not be founded on that expansion of credit resources which has preceded and accompanied their formation, but rather on their ability to reveal to bankers and to business men, in some few cases at least, present opportunities for profitable expansion of operations which otherwise might have been overlooked for a long time in the general welter.

Two additional instruments, the anti-hoarding campaign and an immediately balanced budget for the federal government without recourse to borrowing, have been called into use to assist the official attempts to restore "prosperity" by protecting and expanding the resources of credit. The anti-hoarding campaign, with its ballyhoo and abortive baby bonds, and its appeal to get money back in the banks where it could serve as the basis for more credit, may be recognized as a misplaced and inconsequential gesture. The declared object of the budget-balanced-without-borrowing is to protect the credit of the federal government and thereby safeguard the value of government bonds held by banks as investments or as collateral on loans, making it possible for the banks to lend more freely than they could if the value of these securities were to decline considerably. It is another instance of the fruitless objective of liberalizing resources of commercial credit, particularly fruitless in this case as the credit of the federal government could quite clearly stand further borrowing without danger of cracking, provided only a program of taxation were adopted promising to balance the budget, including reduction of indebtedness, within three to four years as recovery in business activity occurs. There is potential harm in the attempt to balance the budget without borrowing for the fiscal period beginning July 1 of this year, for the new and increased taxes immediately levied, with the difficulties of shifting and diffusing the burden of these taxes in the "buyers' market" of a depression, involve jointly a further disturbance of price relationships in business and a depressing influence on consumers' demand.

The federal government could give more aid to the cause of business revival if it would forget its mistaken idea of the helpfulness of expanded credit for use by business men when those business men can see no prospects for the profitable use of such

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ing sufficiently to execute an extensive program of socially useful public works, A time when business men, faced by maladjusted prices and uncertain necessities for liquidation of old indebtedness, cannot see prospects of profit to justify their expansion of economic activities is the proper time for non-commercial agencies, such as the federal government, to put some of the available resources of credit to direct use in economic activities which may not yield a monetary profit but will yield a positive social income. The throwing of credit purchasing power into active use would set up a positive check against a continuing and exaggerated decline of the price level, which contributes both to the maladjustments of price relationships and to the difficulties of necessary liquidation of old debts. We would, as a result, be nearer the time when business men at large might begin to see profitable prospects for an expansion of business activity.

C. H. WHELDEN, JR.

A New Deal for America

III: *The Road of the Fascists*

THE SECOND road out of the economic impasse is that of the dictatorship of Big Business. At first blush this seems to be a more likely highway.

It is assumed that, to save a disintegrating system, the more dynamic of our bankers, industrialists and merchants form a junta and, with the tacit assent of a tottering government, proceed to one variety of that final form of collectivism, control of economic activity from the top, presumably through the medium of a series of gigantic trusts. Their word is law in respect to money and essential production; they possess mandatory powers to reconstruct the processes of distribution.

It is safe to assume further, I believe, that the black dictatorship will be disconcertingly different from Mr. Redbonnet's picture of it. He, the typical radical, can see it only in terms of an economy of scarcity with gouging landowners, robber barons and bloated misers all complete. The engineers have destroyed his picture, though he does not know it. Mass production has thrust its steel fist through the middle of the canvas; great power lines have blistered the paint beyond recognition. The junta will be greedy as any medieval baron, but reasonable prosperity for the masses furnishes more scope for private wealth and conspicuous consumption than all the methods of gouging practised for ten thousand years.

The principle is simple. You can get more money from a man who has money than from one who has not. It is a principle which the lord of the manor never learned. The black battalions, if they desire big money, must in their peculiar way solve the problem of distribution, balance mass production against mass consumption, keep the small profits per unit, which mean huge profits on ten million units, flowing steadily into their great monopolies and combines. They have no more love for the trough of the business cycle than have the unemployed. There is no money to be made out of a [illegible]tion" of consumers would be installed in the schools, jobless man; indeed, the reverse: he has to be pro- which already lend themsel-

It is probable, if the battalions could be organized at all (a very large *if* as we shall see), that they must adopt many of the measures which properly belong to the third road: drastic modification of the economic system without red or black dictatorship. They must control the currency, new investment, wage rates, speculation. The farther they went along these lines the more they would lose their identity as big business interests, and the closer they would approach to a functional economy. They might eliminate many of the current methods of getting rich—those concerned with speculation, graft and destructive competition. Their final objective would be a subservient, inarticulate but reasonably prosperous mass of consumers and workers, catering to a small group of Olympian spenders.

So far, so good. Now the trouble begins. The junta cannot afford to grind the faces of the poor—it will probably abolish poverty—but it will think *only in terms of profitable consumers and never in terms of human beings.* There are two main charges against that ambiguous arrangement known as capitalism: that it is economically inefficient, and that it is an ignoble way of life. The second to my mind is graver than the first. Critics frequently confuse the two. In the nineteenth century the arrangement was far more efficient than any other system on the horizon—observe the way it spread. In the twentieth century, and particularly since the War, its efficiency is open to serious question. Russia is furnishing an ever more ominous standard of comparison. Fascism of the junta's devising would do much to restore efficiency, but criticism of the system as a way of life would remain more searching than before.

The exercise of sales resistance, which some of us now practise openly, would, under this benevolent regime, become a criminal, if not capital, offense. To save advertising costs, the "educa-

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We should be deluged with stuff. We should be as regimented and standardized as so many slot machines; the junta putting in the package, neatly wrapped in cellophane, and taking nickels out. Our books, our art, our recreation, would be fed to us on the slot-machine formula. . . . One hundred million yes-men automatically producing nickels as they were poked. An idle sun-bather would have his choice between jail and going indoors with a new hundred-dollar lamp, purchased on the instalment plan. Or he could put the lamp on the beach, so long as he bought it and plugged in the current. . . .

The conception hovers on absurdity, and to absurdity the second road seems to lead. It is no more probable than Red revolution in these United States. The basic difficulty is that the Elder Financiers have no class solidarity, none of the necessary cement of an aristocratic tradition, no sense of state, no experience in overhead economic control. The pioneer outlook and the devil-take-the-hindmost habits of a commercial civilization have killed the traditions of the man on horseback. Feudalism, for all its faults, did develop public leadership, a sense of state and a measure of social responsibility. It molded a class capable of exercising dictatorial powers. America has no such class, and no more proof is perhaps needed than the flabby, spineless, unintelligent behavior of nearly every tory since 1929. Competent men in their own bank or brokerage house or factory, they are incapable of facing or appraising larger economic issues. They have not, alas, even had the sense to keep their mouths shut in the presence of matters they do not understand. Their astonishing infantilisms only now are fading from the headlines, with Charlie Schwab still bellowing on to the last. One fails to see how bold dictatorship can spring from such invertebrates.

Again, the whole class is riven with internal dissension. There is the growing cleavage between the active business man and the passive investor. Their economic interests are miles apart. The former benefits by inflation, the latter suffers. The business man wants low interest rates; the investor wants high. Meanwhile the industrialist, with heavy overhead costs on his mass-production plant, wants stability; the speculator demands instability. Railroad investors want high freight rates; shippers want low; a powerful interest plumps for soaring tariff schedules, another almost as powerful plumps for no tariff at all; machine manufacturers want trade with Russia, lumber interests want a boycott; to many bankers stability in foreign exchanges is more profitable than the stability of the internal price system, and no government can control both —it has to choose. The manufacturer wants power rates down and the power trust wants them up; the coal men have an unremitting feud with the oil men; the cotton men with the rayon men; the candy

Who is to compose these differences? Shall the investment bankers have a whip hand in the junta? Practically the entire manufacturing and merchandising groups are on their feet shouting No! The Reds may hate Wall Street, but they do not know what hate means until they have interviewed a few manufacturers, caught short in their turn, from the Middle West. "American business" has an illusion of solidarity, but it is a press agent's affair; a product of ballyhoo. The moment we go below the surface, we find a jungle of conflicting interests which the upper reaches of the Amazon might envy. There is plenty of power, particularly in the ranks of the new mass-production industrialists, but it is blind power, without unity, coherence or political objective. It used to have a common motive in trying to keep wages down and labor in its place, but even this has evaporated with the disruptive doctrine of the economy of high wages. It wants money, but there is no binding glue in that desire. As one man's gain is so frequently another man's loss, the effect is centrifugal.

Mr. Redbonnet is plainly becoming furious. "What,' he shouts, "about the Money Kings, the Master Class, the Invisible Government? What about J. P. Morgan?" I have not raised the question of the nonexistence of an owning class. It is present, and its deeds have all too frequently been dark and bloody. I simply ask whether it has unity and the traditions of organized political power.

The facts belie both. It can bribe, intrigue, lobby and pull backstairs wires, but Caesars need a broader education. One fails to see how such a sprawling mass, riddled with conflicting interests, can solidify into a purposeful dictatorship. I believe, furthermore, that the economic trend is in the direction of less rather than more commercial unity. The elder J. P. Morgan was a power a generation ago, and did enforce a certain amount of imperial agreement by his fellows. Corporation set-ups were simpler then. Who has arisen to take the scepter from his dead hand?

Again we must say no. This road is blocked for years to come. A strong, unified and aggressive labor movement bent on revolution might foster a strong and unified master class bent on black dictatorship. Action breeds reaction. At present we have neither. The most that we can expect on this road is a temporary, compromise dictatorship forced by the present crisis, in which certain bankers and business men combine with government officials and a labor leader or two, to set up a steering committee whose watchword will be "normalcy" at the earliest possible moment —normalcy and disbandment as sudden as that of 1919, when the dollar-a-year men from the Council of National Defense packed their bags. This we may anticipate as a possibility, but hardly welcome

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Mexico Expropriates

CAN WORKERS make cement without bosses? The employees of the Blue Cross Cement works in the state of Hidalgo, Mexico, threatened with unemployment by the dismantling of the factory, believed that they could, and expropriated the owners. Injunctions, counter-injunctions. The workers interviewed the Governor. "Are foreigners going to break a native company and take the bread out of our mouths?" "Go ahead with your plan," replied the Governor, and rushed through a post-facto law to legalize the actions of the workers.

Adalberto Tejeda of Vera Cruz, most radical of actual Governors, confronted with similar difficulties, hurriedly adopted the Hidalgo law. Hidalgo is a small state, but Vera Cruz is large and wealthy. Michoacán followed suit; wealthy Jalisco will probably next fall into line. An opportunistic device has suddenly precipitated a vital national issue.

At bottom the Hidalgo case is the old story of the cabby being ousted by the chauffeur, new machinery throwing men temporarily into idleness. In a semi-colonial country it is doubly serious, for when new machinery is being imported, absorption of idle workers in new lines is even more difficult.

The powerful English Tolteca Cement Company obtained new capital in England for the construction of a modern plant capable of supplying the entire needs of the country. Its only rival was the Blue Cross Company, which, though credited with being Mexican, was controlled by the usurious French Banco Nacional, a Díaz Cientifico institution which has lost little of its power during the last two troubled decades. But the Tolteca people, being in a position to crush all competition, forced the Banco to accept a flat 1,200,000 pesos, 1,000,000 cash down, the rest on delivery, and took steps to eliminate the Blue Cross trademark by shutting down the plant and paying the workers three months' legal compensatory salary. The results we already know. Despite the fact that Blue Cross cement is now underselling the Tolteca product, the Tolteca refused to pay over the remaining 200,000 which it owes. The Banco Nacional took up the cudgels and perhaps might have won out against the Hidalgo Governor had not Tejeda, friend of Calles, controlling a great state and a powerful nucleus of armed agrarians, defeated the move.

The Hidalgo law provides that whenever the public or workers' welfare is menaced, the Governor, on his own sole initiative, may expropriate any business, industry or plantation by paying down 4 percent of the declared capital and the balance during a twenty-year period. If at the end of a year the enterprise proves unprofitable, it can be returned to the original owners with a 4-percent refund but no recompense for the trial period.

Tejeda is threatened with closure of the large little interested in a sincere radical program; but

huge Balsas tobacco estates, with the workers insistent upon expropriating both. The Hidalgo law proved a happy inspiration. Now expropriation is a national issue, ostensibly to be decided by the Mexican Supreme Court, but in reality by Calles.

Mexico is still a multicolored map. The brightest spots are radical Vera Cruz and Hidalgo, Michoacán and Jalisco—normally reactionary Catholic entities which woke up to the revolution after most states had forgotten it. On the other hand, the northern industrial state of Nuevo León, its neighbor Coahuila and other states are intent on giving capital, native or foreign, every guarantee. Calles has had a hard time riding these two horses around the ring. Thus far he has managed to jump nimbly from one to the other, and because he held the military reins, could bring them back into line.

During the past six months, the situation has come to a climax several times, though the significance of the sudden and dramatic Cabinet changes has been carefully screened from the public. Calles apparently had to abandon horses and reins for a good military whip; months ago he formed a narrow personal and military Cabinet. But for the many politically disunited factions, Calles, increasingly isolated, would have lost out. The Mexican kettle would have boiled over before this. Now the line-up is becoming more definite and Calles, to maintain his power, must choose between the two groups.

A break appears to have developed between him and the northern industrialist politicians and militarists. If he does not cater to the Tejeda group, he may find himself lost. Whether the laws will force a new federal orientation can only be learned when the Supreme Court renders its verdict. Tejeda moved a whole carload of his government up to the capital and descended upon Calles en masse. Some signs indicate that he won Calles to his side, the first symptom being that El Nacional, the official paper of the governmental bureau known as the National Revolutionary party, apologized for its previous attacks on the Tejeda law.

The saddest aspect of these laws, coming at a time when Mexican industry was never more shattered, is that they have been purely opportunistic manifestations promoted by political jugglers. All mobile capital has scampered from the states affected. There has been a wholesale buying of dollars everywhere. The laws are too radical to inspire capitalistic confidence; but not radical enough, or thoughtfully imbedded in a general socialization scheme, or supported by bona-fide labor organization, to provide constructive results. They have merely forced an issue. Which way will the government turn? If toward Tejeda, the inevitable crisis may force a general socialization of production and bitter international conflicts.

Calles, now a Croesus with his great estates, is

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keeping a sure grasp on power. With his power assured, he can save his personal possessions, whatever tendency wins. If he bets on the Tejeda horse, he loses the friendship of Washington, established for him by Morrow and carefully maintained by Morrow's able and scholarly successor, Reuben Clark. On the other hand, serious foreign pressure might unify the country anew behind him; while his maneuvers, shielded behind a Supreme Court decision, would remain sufficiently occult to prevent Washington from throwing military support to any rebel faction in the armed warfare apparently impending within the next year or so.

Mexico City. CARLETON BEALS.

The Big Wind at Chicago

THAT THERE is a real difference between Republicans and Democrats is evident to anyone who has watched the gathering of the two conventions at Chicago. The Republicans are, except for William Allen White, a little sour and bilious. They have the manners of the aristocracy; they treat you *de haut en bas*. The Democrats seem unconsciously to live up to their name. They are cordial, genial, friendly. The difference was particularly noticeable in the hearings before the self-constituted rump, as it called itself, of the Committee on Resolutions, which sat in the Gold Room of the Congress Hotel to listen to planks proposed for the platform. In the minutes before the call to order, Al Smith appeared and was greeted by many. McAdoo was present, saying hello to his friends. Alfalfa Bill Murray circulated, easy and affable. When the committee was in session there was the same air of informality and good feeling. In the Republican committee Jane Addams was gaveled down before she had well begun her plea for peace. The directors of the Democracy listened spellbound to the orator of the Bonus Emergency Force, whose eloquence flowed freely through time and space; and when President Hutchins of the University of Chicago found his allotment exhausted by his predecessors of the Democratic Youth Movement, he was courteously bidden to continue his plea for an honest and constructive platform.

Something of this difference in attitude must be attributed to the different circumstances in which the two conventions met. The Republican conclave moved on schedule time through a fixed program to a predestined goal—Hoover. The Democrats had eight visible terminals, represented by headquarters where glad hands were extended by principals or accomplished substitutes—and one invisible. The largest and most pretentious establishment was a suite of ten rooms with the hospitable legend, "Make the Roosevelt headquarters your own." From this they graded down to a single little back room labeled Traylor—an appropriate stall for a dark horse. Mr. Traylor was not present; there was a run on his bank. A still darker horse was the invisible Baker, as yet only an ectoplasm, an atmospheric disturbance. It behooved the Democrats to battle was in progress. The eight little heads on their eight little pillows exhibited the smiling sleep of innocent childhood; but beneath the blankets there were convulsions of limbs and torsos, thumb gouging and toe holds, with the certainty that somebody was going to be kicked out of bed.

In the Republican Convention there was one fight—that over the prohibition plank. In the Democratic, this issue was minimized to the difference between Wet and wringing Wet; it was taken for granted that the Republican straddle had left the Democrats no alternative to a declaration for repeal. When Dry Bishop Cannon, looking like Pecksniff, appeared before the Committee on Resolutions, he was greeted with boos, and one rude man called out "Your broker wants you."

There seemed to be the makings of a fight over the two-thirds rule, which the Roosevelt strategists were in favor of using their majority at the outset to set aside. On Sunday it looked as if this could be done, but if the plan had carried and Roosevelt been nominated on the first ballot, both public and delegates would have felt defrauded of the big show which the Democratic party is under bond to give. The allegation of bad sportsmanship in changing the rules while the game was on was heard everywhere, even among Roosevelt's supporters. Certainly many of the delegates who were pledged to vote for his nomination would have kicked over the traces at repealing the two-thirds rule, and, if the measure had been defeated, his lines once broken could not have been reëstablished. Governor Roosevelt acted characteristically in vetoing the plan, and also the suggested compromise that if no nomination were made by the sixth ballot a majority vote should suffice.

This much settled, the convention met on the second day, full of pep, in the presence of crowded galleries. The organ played "My Maryland" and "The Sidewalks of New York," and other tunes appropriate to the gladiators as they entered the arena. The temporary chairman, Senator Barkley, was in good form. He rather submerged the delegates on the first day by two hours of oratory, but as chairman he handled the proceedings not only with vigor but with a certain gusto. Under his gavel the convention got out pencils and pads and betook

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first test of strength came with the presentation of minority reports from the Credentials Committee on the seating of contesting delegations from Louisiana and Minnesota. These contests bore the marks of having been hastily entered in the attack on Roosevelt's phalanx—or at least, Huey Long, who won the convention with a clear, precise and dignified speech, made it look that way. As a matter of fact, the merits of the question were subordinated to the more important question of the control of the convention. In the Louisiana case Roosevelt held his ground against the field, 638¾ to 514¼, and in the Minesota case, 658¼ to 492¾. The vote ran almost uniformly state by state, the big ones, California, New York, New Jersey, Massachusetts, Ohio and Illinois against Roosevelt, with Maryland, Texas, Virginia and Oklahoma declaring unanimously in behalf of their favorite sons. On the first ballot, Illinois, Iowa and Pennsylvania contributed to the suspense by passing. It was finally Pennsylvania, with 55½ votes, which made Roosevelt's majority respectable.

The first address of Senator Walsh as permanent chairman was brief, but it was far more significant than Senator Barkley's keynote speech. It challenged the Hoover doctrine in one weighty paragraph which might form the basis for that differentiation between the two major parties which has been lacking:

> The theory that national well being is to be looked for by giving free rein to the captains of industry and magnates in the field of finance, and accommodating government to their desires, has come through the logic of events to a tragic refutation. So complete has been its failure that even from within the favored circle has been advanced the proposal that government hereafter plan and limit industrial enterprise, in other words, that "rugged individualism" of which we have heard so much be scrapped. If confirmation of the folly of that notion of how best to subserve the common weal were needed, it is furnished by revelations concerning the appropriation of huge sums of corporate profits by the managing directors as bonuses, the peddling by great banking houses of questionable foreign securities running into billions and by the disclosures touching stock-jobbing and kindred practices on the exchanges by those on the inside in corporate management.

The Wet and Dry issue sprang into prominence on the third day of the convention. All day, while the Resolutions Committee struggled, the convention marked time, amusing itself with a vaudeville of national entertainers, including Will Rogers, Gene Tunney, Clarence Darrow, Amos 'n' Andy. In the heart of the evening session the platform was read, with its dripping plank, not only calling for resubmission of the Eighteenth Amendment, but pledging the party to its repeal, and to the alleviation of the situation meanwhile by legalizing light wines and beer. It was striking to see how the Wet sentiment had grown since the convention [illegible] pions like Al Smith and Governor Ritchie should reap in ovations the reward of their long service to the cause, but it was certainly surprising to find the Drys growing increasingly weak in argument and persuasion as the debate continued.

The Roosevelt high command had originally reckoned on the advantage of a swift attack. They had proposed not only nomination by majority vote but the postponement of the platform discussion until after the nominations, following the precedent set at Baltimore in 1912. When they retired from these advanced positions the cause of their candidate seemed perceptibly damaged. Prestige was lost. A shilly-shallying between rashness and timidity was exactly what the country had been told to expect of the boy scout in Albany. He apparently answered to Bismarck's description of Lord Salisbury—"a man of lath painted to look like iron."

In view of the variation in the early ballots on contending delegations and the permanent chairman, it seemed that the imposing majority structure of Roosevelt support was but a jerry-built affair, and that the compact little groups backing Smith, Garner, Ritchie, Murray *et al.,* could be held together and united at last on one of them or on the shadow candidate, Baker. That there was method in the mystery surrounding the last appeared when on Thursday headquarters were opened in his name at the Congress Hotel and delegates to the convention were showered with telegrams signed by officers of public utilities urging his candidacy. Colonel Leonard P. Ayres, the Cleveland banker, whose guesses have gone wrong like those of other prophets during the past three years, was in charge of the Baker headquarters. The immediate reaction to the Baker movement was not cordial. The legitimate entries were entitled to a run for their money.

The formidable job of launching nine candidates occupied ten hours on Thursday night and Friday morning. Of the nominating speeches, that made by Governor Ely of Massachusetts for Smith seemed to be effective, although he spoiled the impression by fighting with the chairman for extra time to get off his peroration, which in the circumstances sounded rather silly. That of John E. Mack for Roosevelt was the worst. He had a fine chance to endear himself and his cause by initiating the "speechless nomination," and threw it away. Of the demonstrations, that for Roosevelt, though next to the longest, was mechanical and featureless. Speakers seconding his nomination popped up from time to time as the roll call of states proceeded, but they were clearly the result of personal vanity and exhibitionism and were more and more regarded as interruptions by delegates and galleries. Josephus Daniels arose just before midnight on Thursday to request that secondary speeches for Roosevelt cease. The ineptitude of the Roosevelt management was shown in putting forward speakers like Homer Cummings of Connecticut, who had

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Such tactics were provocative and led to reprisals. As the evening wore into morning the hostility of the galleries and of militant delegates toward Roosevelt increased. At length his seconders could no longer be heard.

The Roosevelt leaders committed another tactical error in refusing to adjourn at 3:00 A. M., when all the candidates had been placed in nomination except Murray. Thus it was that the first ballot was taken about five o'clock, slowly, with frequent errors arising from weariness. Roosevelt showed his expected strength of 666¼. The second ballot raised him to 677¾. The Roosevelt managers wanted to adjourn at this point, to take up the job of raising the needed 100 votes by hocking the vice presidency, but the opposition, angry at being kept up all night, declared that they were ready to go on all day. During the third ballot, between 8:00 and 9:00 A. M., the convention was a study in fatigue. It gave Roosevelt five more votes.

Before the convention met on Friday evening it was generally known that Garner was just around the corner. When on the fourth ballot California was called, Mr. McAdoo asked to explain the vote of the state and strode to the rostrum. He got as far as the sentence, "When any man comes into this convention with the popular will behind him to the extent of almost 700 votes," before the howls and boos of the galleries drowned his voice. McAdoo stood poised for further oratorical flight, one long arm and hand stretched out, not in blessing, while Mayor Cermak begged the crowd to be quiet for the good name of the city. When at last McAdoo got on with his expected announcement, the Roosevelt delegates circled the floor, while the galleries took up the chorus of opprobrium. A few states—Massachusetts, Connecticut, New Jersey—remained stubbornly seated, and when later they recorded their votes for Smith along with Tammany's 63, they were wildly cheered. All the minors climbed on the band wagon, except Smith, who went down with his 190 votes, only eleven less than on the first ballot. The long struggle of 1924 had had its aftermath. The king was dead, and the king-maker bestrode the earth like a colossus.

The announcement that Mr. Roosevelt would fly from Albany for the purpose of receiving his notification in person held the convention over for another day. The nomination of a Vice President by a convention whose spirit has been broken is at best dreary business, but when there is a lot of time to be used up by second-string exhibitionists representing the *gre-eat* states of this and that, the occasion becomes funereal. Even the delegate who saluted Kentucky as "the birthplace of the mother of my babies" got away without being asked for his marriage certificate. The delivery of the vice-presidential place to Mr. Garner went wearily-drearily on. Al Smith had departed with menacing haste, but a promise of support from Senator Norris was cheering. Roosevelt was advertised to arrive in the city by two o'clock. He did arrive at four-thirty, but the journey from the airport to the stadium took an hour and more, and the audience of 20,000 was kept waiting while they wept for Will Rogers or Westbrook Pegler to dispel the boredom.

Governor Roosevelt's reception when he finally entered the stadium was one of courteous enthusiasm. His speech with its engaging air of candor and realism would have been a success between five and six. Between six and seven it fell a bit flat, with half of the visible audience departing, not too quietly. A speaker under such circumstances, however, can always comfort himself with thoughts of the unseen. Mr. Roosevelt outlined a flexible campaign to be fought in the West and South on economic and social policies which are distrusted in the East, and in the East on the repeal of the Eighteenth Amendment which is a painful dose to the South. Threats of a bolt in either section may be dismissed. The Democratic party may be spilt, but it can't be split.

ROBERT MORSS LOVETT.

Chicago.

Out of the Red with Roosevelt

THEY CAME out of the Stadium with a stale taste in their mouths. Down West Madison Street, walking between lanes of cops and a scattering of bums, the crowds from the galleries found the proud suave voice of the National Broadcasting Company still filling their jaded ears from every loudspeaker, enumerating the technical agencies that had worked together to obtain the superb hook-up through which they broadcast the proceedings of the Democratic Convention of 1932. Well, they did their part: the two big white disks above the speakers' platform (the ears of the radio audience) delicately caught every intonation of the oratory, the dragged-out "gre-eats" when the "great Senator from the great state of . . . " was introduced, the deep "stalwart" always prefixed to "Democrat" when a candidate was being nominated, the indignant rumble in the voice when the present administration was "branded" as having induced "an orgy of crime and a saturnalia of corruption"; the page with the portable microphone in his buttonhole had invariably been on hand when a delegate was recognized from the floor; the managers for the N. B. C. had been there

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all the time, stage-managing, moving quietly and deftly around the platform, with the expression and gestures of old-fashioned photographers; coaxing the speakers into poses from which they could be heard; telegrams had been read giving the minute-to-minute position of the nominee's plane speeding west, the radio voice of Wally Butterworth had whooped things up describing the adverse flying conditions, the plane's arrival at the airport, the cheering throngs, the jolly ride from Buffalo, the Governor's nice smile; but when Franklin D. Roosevelt (in person) walked to the front of the rostrum on his son's arm while the organ played the "Star Spangled Banner" and an irrepressible young lady from Texas waved a bouquet of red, white and blue flowers over his head, to greet with a plain sensible and unassuming speech the crowd that had yelled itself hoarse for an hour for Al Smith three days before, that had gone delirious over the Wet plank and applauded every phrase in the party platform, and sat with eager patience through the week-long vaudeville show—nothing happened. Courteous applause, but no feeling. The crowd in the huge hall sat blank, blinking in the glare of the lights. Neither delegates nor the public seemed to be able to keep their minds on what the candidate, whom they had nominated after such long sessions and such frantic trading and bickering downtown in their hotel rooms, had to say. As he talked the faces in the galleries and boxes melted away, leaving red blocks of seats, even the delegates on the floor slunk out in twos and threes.

Starting on Monday with the "Star Spangled Banner" and an inaugural address of Thomas Jefferson's read by a stout gentleman with a white gardenia in his buttonhole; through the Senator from Kentucky's keynote speech, during which he so dextrously caught his glasses every time they fell from his nose when he jerked his head to one side and up to emphasize a point; through Wednesday's all-star variety show that offered Clarence Darrow, Will Rogers, Amos 'n' Andy, and Father Coughlin "the radio priest" (who, by the way, advised the convention to put Jesus Christ in the White House), all on one bill; through the joyful reading of the platform with its promise of beer now and a quietus by and by on prohibition snoopers and bootleggers; through the all-night cabaret on Thursday, with its smoke and sweaty shirts and fatigue and watered Coca Cola and putty sandwiches and the cockeyed idiocy of the demonstrations: Governor Byrd's band in plumes and rabbit's fur (which he kindly loaned to Ritchie and to Alfalfa Bill when their turn came) and the pigeons and the young women who kept climbing up on the platform and bathing in the klieg lights like people under a warm shower, and the sleepy little Oklahoma girls in their kilties; and the grim balloting while the sky outside the windows went blue and then pink until at last the sun rose and sent long frightening bright horizontal shafts through the cigar smoke and the spotlights and the huddled groups of worn-out politicians; through the nominating speeches, and the seconding speeches and the reseconding speeches, and the old-time tunes, "The Old Gray Mare," "A Hot Time in the Old Town Tonight," "I've Been Working on the Railroad"... through all the convention week and flicker of flashlight bulbs and the roar of voices there had been built up a myth, as incongruous to this age as the myth of the keen-eyed pilot at the helm of the ship of state that the Republicans tried to revitalize three weeks ago; the myth of the young American working his way by honesty and brawn, from Log Cabin to President. This stalwart Democrat was to rise in his might, wrench the government out of the hands of the old bogey Republicans, Wall Street, Privilege, Graft and Corruption, return it to the people and thus in some mystic way give a job to the jobless, relieve the farmers of their mortgages, save the money the little fellow had deposited in the tottering banks, restore business to the small storekeeper and producer and thereby bring the would-be Democratic office holders massed on the floor back to the fleshpots of power. A powerful myth and an old myth. But when, largely through the backstage efforts of Mr. McAdoo, the myth took flesh in the crippled body and unassuming speech of the actual Governor of New York, the illusion crashed. Too late.

You come out of the Stadium and walk down the street. It's West Madison Street, the home address of migratory workers and hoboes and jobless men all over the Middle West. Gradually the din of speeches fades out of your ears, you forget the taste of the cigar you were smoking, the cracks and gossip of the press gallery. Nobody on the street knows about the convention that's deciding who shall run their government, or cares. The convention is the sirens of police motorcycles, a new set of scare headlines, a new sensation over the radio. There are six-day bicycle races and battles of the century and eucharistic congresses and big-league games and political conventions; and a man has got a job, or else he hasn't got a job, he's got jack in his pocket, or else he's broke, he's got a business, or else he's a bum. Way off some place headline events happen. Even if they're right on West Madison Street, they're way off. Roosevelt or Hoover? It'll be the same cops.

You walk on down, across the great train yards and the river to the Loop, out onto Michigan Avenue where Chicago is raising every year a more imposing front of skyscrapers, into the clean wind off the lake. Shiny store-fronts, doormen, smartly dressed girls, taxis, buses taking shoppers, clerks, business men home to the South Side and North Side. In Grant Park more jobless men lying under the bushes, beyond them sails in the harbor, a white steamboat putting out into the lake. Overhead pursuit planes fly in formation advertising the military show at Soldiers' Field. To get their ominous buzz out of your ears you go down a flight of steps,

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electric lights of the roadway under Michigan Avenue. The fine smart marble and plate-glass front of the city peels off as you walk down the steps. Down here the air, drenched with the exhaust from the grinding motors of trucks, is full of dust and grit and the roar of the heavy traffic that hauls the city's freight. When your eyes get used to the darkness, you discover that, like the world upstairs of store-fronts and hotel lobbies and battles of the century and political conventions, this world too has its leisure class. They lie in rows along the ledges above the roadway, huddled in grimed newspapers, gray sag-faced men in worn-out clothes, discards, men who have nothing left but their stiff hungry grimy bodies, men who have lost the power to want. Try to tell one of them that the *gre-eat* Franklin D. Roosevelt, Governor of the *gre-eat* state of New York, has been nominated by the *gre-eat* Democratic party as its candidate for President, and you'll get what the galleries at the convention gave Mr. McAdoo when they discovered that he had the votes of Texas and California in his pocket and was about to shovel them into the Roosevelt band wagon, a prolonged and enthusiastic *Boooo*. Hoover or Roosevelt, it'll be the same cops.

JOHN DOS PASSOS.

Chicago.

The Forgotten Manhattan

THE LAST thing that happened to Elmer Durkin on Saturday night was a visit from J. T. Riland, editor of The Woppingtonian. Him the newsdealer greeted as follows:

"Sit down, J. T. That's pretty broad-minded of me after what I've heard about Republicans here lately. Did you tune in on Barkley at all?"

"Some. He was too long-winded for me." The editor accepted a cigar.

"It did gouge quite a gash in a person's week," Elmer admitted, "but he had an alibi. He had to stick in all the dirt your guys left out. Did he ladle it into your horizontal old party! If that's a nice bedside manner, I'm the Shah of Siam."

Mr. Riland was not amused. "This has been an awful orgy of oratory."

Elmer sagely observed that in a Democratic convention everybody is a keynoter and almost everybody is a candidate.

"I felt pretty sorry for your outfit—only one measly contender and a used one at that. Where will that buy you anything against a bunch that puts up nine next-presidents and throws in a pop concert, vaude show and free street parade with every entry? Were you surprised at the finish?"

"Not much. Still I had an idea they'd end up by giving it to Baker."

"You would," said Elmer. "That was a superstition in the newspaper racket. He was a hot quite a trick to find anybody in real life who wanted to fight and bleed for Newton. I'd score him as a typographical error.

"The press tipsters were that way all through—funny but never vulgar. Once they had it all fixed that the power-trust busters would suddenly go haywire and throw in with Owen D. Young, the big electric-light man. Even Owen wouldn't bite on that one. The press dope was that when Cactus Jack and Alfalfa Bill and Jimjam Reed folded up, their bush-league outfits would swarm over to the Smith-Raskob crowd who have been a throbbing pain in the honest rural neck for four years. The Inkhounds had Roosevelt stopped in his tracks morning, evening and Sunday. You'd think the worst thing a candidate could bring to a convention is delegates.

"They were all wet, as often predicted by this political analyst and commentator. I don't know what the stopping bureau had on their minds, if anything, but all they showed was a tailspin. The South and West took over the works and ran it from the kick-off to the final whistle. And when they got ready they slipped the blue ribbon to that child of the sunny Southland, that wild and woolly cowpuncher, that lumberjack, Texas Ranger and horny-handed corn-belter, Franklin D. Roosevelt of New York. Anyhow that was their story.

"Some crabs claim that F. D. is not a guy that can take punishment, but that's out. Anybody who could live through the series of bobbles that he and Farley pulled in the early innings, what I mean he's got something. He got himself plastered as a bum sport, but the old Roosevelt luck held to the end. Frank Hague saw every error and raised him two. The allied and associated Frank-stoppers booted all the grounders and fumbled all the punts. They were just a flock of pushovers.

"The way I dope it, the break of the game came when the Roosevelt platform framers shot the works for repeal. All that did was to gyp the allies out of everything they had except their grouch. Al Smith got a swell hand when he ankled into the ring, but the battle of the century was a flop. The noble experiment had been put on the spot four hours back and everybody was hep. They took Al's favorite plank and made him walk it.

"The other piece of grief that happened to him was the solid support of Tammany Hall. The inside stuff is that the wampum boys went out to Chi ready to take the best offer. Maybe they thought F. D. would sell them a pardon for Jimmie Walker, but the Governor couldn't see them at all. They were just the forgotten Manhattan. Curry was all set to be the key to the deadlock, but there wasn't any. The Tigers cuddled up to Alfred and took another wallop on the chin. That gives them a complete set."

"Maybe they won't help Roosevelt carry the state in November," said the hopeful Republican. "There's another place where he's got the drop

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dripping Wet and those New Yorkers don't care any more about repeal than their right eye. I think they have decided to play the game. Al Smith took the next rattler for home, but the Wigwammers stayed for the petting party. They swallowed Garner, who had upset the apple cart, and when the conquering hero came down out of the clouds to give the convention a much needed keynote, who was the leading greeter and glad-hander but Jawn Curry?"

"I thought the platform was pretty good for a Democratic one."

"It's a short-short, but it covers a lot of territory. It answers all the burning questions of the day except, 'Do you inhale?' I was glad to see the D. P. come back to the old tariff policy after their vacation."

"A competitive tariff for revenue, whatever that means."

"It means lower the ante on all goods except what we grow, make or dig in the home district. Anyhow the customers will remember only one word, repeal, the sweetest word in our beautiful tongue. That's a plank you can understand without a blueprint. The brain-teaser Herbert wished onto your crowd, you ought to have run it in your paper on the puzzle page."

"The repeal plank may give trouble in the Dry country."

"If there is any left. At the same time it peps up Roosevelt's racket in the northeast sector where he needs nothing else but."

"It's a tragedy about Al Smith—thrown overboard just when he won his fight."

"It's like Jack Garner said," Elmer observed. "The shortest and best keynote of the week. 'Politics is funny.'"

FELIX RAY.

Growing a Little Older

Growing a little older is suddenly
Standing a little still;
Then forward again, with something learned
Of the slow skill
Of skies,
Where motion dies.

Growing a little older is holding
One day a question back;
Then letting it go, with something seen
Of the faint crack
To crawl
Twixt nothing and all.

Growing a little older is hiding
Shivers of sudden fear;
Then letting them work, with something guessed
Of the deep spear
Of joy,
That too will destroy.

MARK VAN DOREN

Washington Notes

Beer and Circuses—The Democrats Go the Whole Hog—The Wet Tide Rises—Will It Recede Before November?

WITH BOTH national conventions over, it is now possible to look back upon what happened in Chicago with a relative degree of calm. There were of course a good many stirring and unexpected things of more or less importance, but in my infirm judgment nothing compares in significance with the amazing way in which the Eighteenth Amendment was murdered in plain view and apparently with the enthusiastic and almost unanimous consent of the country. If there is a more completely moribund cause today than national prohibition, I am unable to think of it.

The amazing thing is that the politicians did not see it coming. Not until the Republicans began to gather in Chicago the second week in June were the force and volume of the tide appreciated. What happened was the great political sensation not only of these two conventions but of our time. I know of no politician or political observer who can recall so extraordinary and complete a demonstration of the power of public sentiment when it is fully aroused.

Today there are literally no important advocates of the continuation of the Eighteenth Amendment left in the country, unless we count Senator Borah, who seems to have more completely misjudged the whole situation than any other public man. The Drys have become states' rights advocates proposing a hypothetical federal control, which means little or nothing from the practical point of view. The Wets, taking complete control of the Democratic Convention, have gone the limit for unconditional repeal of the Amendment, and the immediate wiping out of the Volstead Act so as to restore beer both for drinking and for taxation purposes. The division today is not between the Drys and the Wets, not between the advocates of the Eighteenth Amendment and its opponents. The division is between the moderate Wets, who were once Drys, and the extreme Wets; between those who want state control of the liquor business under federal supervision and those who want state control without limitation.

In retrospect it seems almost impossible that the political leaders should have missed so completely this astounding shift of sentiment. Yet they all did. Two months ago there was not a politician or political writer in the country, so far as I know, who believed that either convention would go as far as the Republican Convention went on the question of prohibition reversal. An idea of what has really happened can be gained by grasping the fact that the Republican plank is very much Wetter than the original Wet proposal made by Mr. Raskob to the Democratic Committee at its meeting here in Washington a year ago, while the Democratic plank of course is so Wet as to make Mr. Raskob, that Prince of the Catholic Church, look almost as Dry at the present moment as a Methodist bishop.

As a matter of fact, when you come to consider the violence with which the formerly Dry South and West revolted against the [illegible]

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made for the sympathetic Roosevelt at the time, the present situation is really ridiculous. If the Dry South and West can—as they will—support the Democratic plank and their candidate can run on it, one wonders what in Heaven's name they were so excited about a year ago. It is a good thing for them that the public memory is short and that news comes so fast these days it is impossible effectively to pin their past absurdities upon them. If this were possible and the American people had more than a rudimentary sense of humor, they would be laughed out of political existence. The fact is that if the Democratic Convention had come first, the Democratic plank would not have been a bit Wetter than the Republican plank, and if the Republicans had met later they would have been every bit as Wet as the Democrats.

Caught in the first flood Mr. Hoover and his administration managers were forced to drop their original program and go much farther than they had either the intention or desire to do. But as Wet as they got, it utterly failed to satisfy either their own convention or the country. Denunciation of the administration Wet plank as a straddle came from every quarter, and the demand for the Democrats to go off the deep end gained such amazing power that the efforts of the Roosevelt convention management to be Wetter in language than the Republicans, but not much Wetter in fact, proved puny and futile.

The extraordinary speed and volume of this tide, which has so utterly swamped federal prohibition, is the great political sensation of a generation and has upset practically all political calculations, caused hundreds of politicians and public office holders to somersault, back-track and high jump. None of the politicians was smart enough in May to appreciate the force and power of this Wet current in June and none of them today is sure about how strongly it will be running in November. The Republicans have placed their bet on the proposition that although the country is sick and tired of national prohibition and wants to go back to state regulation of the liquor traffic, it still wants a certain measure of federal control. On the other side, the Democrats have wagered that the people, disgusted with the whole business of federal supervision, want all restrictions removed and an unreserved return to the states of their right to handle the liquor problem as they individually desire. The Democrats go further and propose to precede repeal with a modification of the Volstead Act so as to give us our beer right away.

The Republicans will of course argue that the Democratic party is the saloon party, bent upon restoring the unrestricted sale of liquor. They will contend that the Republican proposal wipes out the Eighteenth Amendment but substitutes a plan that will permit the Wet states to be Wet and the Dry states to be Dry. Moreover, they will contend that the Democratic party's plan for unqualified repeal is impractical because it cannot be ratified for an indefinite period and that this will mean a continuation of prohibition in its present form and with its attending evils for years. The Democrats, on the other hand, will argue that the Hoover plank is cowardly and evasive, that it is neither Wet nor Dry, that it is utterly insincere, conceived solely for the purpose of catching votes from both

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truth is beyond question and was freely admitted by the administration carpenters after their return from Chicago. They boasted loudly of the fact.

No one, it seems to me, is wise enough to foresee the final outcome. If the speed of the Wet tide does not diminish, I should say that in November the Republicans will be swept out of power and the Democratic ticket elected by an overwhelming majority. On the other hand, should the majority of the people be neither rigidly Dry nor rabidly Wet on this issue, but disposed to be moderate and muddle-headed, then the Republican program may appeal more strongly and successfully. No one can tell. However, there is one thing about which every politician and observer who attended either or both conventions and with whom I have talked since seems absolutely agreed—namely, that this issue of liquor is the one that will be uppermost in the minds of the people during the campaign. All other planks in the two platforms will be overshadowed and forgotten. This one question alone will be more potent than the personalities of the candidates or any economic consideration. It is not a cheerful idea in these critical times, but it is undeniably true.

Washington. T. R. B.

Remonstrances and Arrears

I

A LITTLE phrase of the editor of The Hound and Horn sends us into the field. His review of Ezra Pound's edition of the poems of Guido Cavalcanti, in his issue of April-June, concludes with a reference to "the charm that music had before Beethoven, the charm of Mozart, *who is as heartless as the birds.*" As to the heartlessness of birds, we properly remain agnostical. But the attribution to Mozart's art of properties incongruous with the capacity and disposition for love and hate, pity and scorn, fear, distrust, courage and faith, is absurdly discordant with anything exceeding the very average concert-goers' experience of the little man's acutely melancholy music.

Besides being ludicrous, the idea of Mozart's "heartlessness" is also an error as old as it is vulgar, and it has been responsible for the coldness very naturally directed by generations of honest if ill informed persons towards his lovely music. Only upon the spoiled has it exercised a "charm." And to find it in that Excellent Toggery Shoppe, The Hound and Horn, and exhibited with the flourish peculiar to haberdashers' displays, reveals the recrudescence of its popularity; and reminds us of the perennial necessity of doing one's bit towards exploding it.

That one finds Mozart, like Haydn in this respect, passing from expressions of the sublime, and deeply pathetic and tragic characterizations, to light and jovial ones with relative abruptness, is not to be denied. The characteristic declination of the exalted, almost prophetic passage of steadily mounting fourths and fifths near the close of Mozart's great F major piano sonata No. 17, into music in the playful mood of the beginning of the movement, proves puzzling and disconcerting to modern sensibilities. Even though Mozart transforms the stuff of one expression

prising; and momentarily tends to discredit the sincerity of the serious mood. But only momentarily. For the transition is intellectually satisfactory, and emotionally comprehensible.

That it is, is due to the fact that, far from being mutually exclusive, the feelings of tragedy and of comedy are thoroughly compatible. One nature can experience them both, to even Shakespearean degrees, since both flow from the single capacity for abstraction and remoteness. A certain reasonableness can even associate them, and this reasonableness was the beautiful property of Mozart's time. The epoch of sensibility, of Rousseau, Richardson and "The Man of Feeling," it nevertheless preserved the sense of proportion. Mozart and Haydn therefore had what our fathers called the power to smile away their raptures, griefs and disappointments; and to think that power incongruous with deep emotion, and an indication of superficiality and indeed anything besides a fine rationality, is to know little of civilization.

Certainly, it is to be singularly deaf to the spirit of much of Mozart's music. Again and again, it makes one picture him incensed by some spectacle or embodiment of human inferiority, insensibility, presumptuousness; but with a contemptuous exclamation of *"Lump"* or *"Schuft,"* turning spiritedly from the fellow to face other, lovelier objects.

II

In the way of many noble things, the music of the leading French composer, Vincent d'Indy, who died last winter, was compromised by the fanaticism of admirers: still, d'Indy personally was not entirely innocent of the mischief. He was never a free spirit. Always one of those artists who know they know, he remained narrowly open to experience and demonstration; and while apparently deriving authority for his dogmas from the revelations accorded the Roman Church and the revelations accorded the four musical patrists Franck, Wagner, Beethoven and Bach, actually drew it from a third little revelation accorded himself. If he was certain that true knowledge was the possession, on the one hand, of the Church, and on the others of his four masters, he was equally convinced that the two wisdoms were intrinsically single; paralleling Paul Elmer More and *his* beautiful state of illumination regarding the unity of two other authoritative voices, those of Hellenistic philosophy and the theology of Chalcedon. D'Indy in any case proclaimed that none not a Catholic could compose music; and that Bach had been Protestant merely by accident. From his more than episcopal throne in the Schola Cantorum in Paris, he condemned to the flames the single heresy of light music, Protestantism, opera-comique, Berlioz, the compositions of Jews, and nearly all music not couched in the frequently heavy style he derived from the study of his saints.

The magnetic attraction of so unfortunately rigid a spirit and its works, beautifully thought and beautifully made though many of these were, of fanatically tempered adherents and their entail of damagingly overzealous propaganda, was inevitable. Man and music offered them an opportunity for wild sectarianism; and one of the [illegible] expressions which [illegible] treme inferiority of spirit, as the fanatical chatter about a cessant cant about the incomparable loftiness and austerity of his work. It is true that d'Indy's music is serious, grave in many parts, couched in an elevated symphonic style, bare of very conventional prettinesses and sentimentalities, and demanding considerable intellectual effort of its audiences and the capacity to carry forms in the imagination. For all its thematic use of the folk-songs called French because they are found in the French countryside, it either eschews or lacks the popular ring. It is also more austere than that of César Franck, its prototype, for the reason that it is by no means so thoroughly permeated with the expressions of suppressed and languishing eroticism. And not at all easily accessible even today, it was certainly difficult for the million during the years, about the turn of the century, which saw the production of its major representatives. The style of composition then, under the influence of Debussy, was harmonic; and d'Indy practised a contrapuntalism sometimes bordering on harshness. His designs were very intricate, his symphonies and sonatas elaborately cyclical; for it was his theory that music evolved not in the direction of simplicity but of complexity. His forms were sometimes most bizarre. In the symphonic variations "Istar," the variations precede the theme; and the prominent use of themes in three-quarter time in his symphonic structures disconcerted many hearers. He wrote seconds and ninths and thirteenths while these chords still were abhorrent to the orthodox. The nasal French quality of sound of his orchestration seemed astringent to romantically delicate ears. And to cap matters, he made considerable demands for technical prowess on his interpreters.

Yet the pretensions of extreme loftiness and severity were poppycock. D'Indy's music is structural, but it is also sensuous and opulently euphonious. He practically exhausts the harmonic resources of chromaticism. His orchestration is scintillant. The last movements of his piano and piano and violin sonatas are wonderfully fresh and lyrical. And many of his pages are charged with the feeling of loveliness and passion, and express them warmly and intimately. He is even sweet in a peculiarly Gallic way. What is even more contradictory to the pother about its austerity, is the fact that d'Indy is often frankly vulgar, also in a French fashion, as in the banal coda of the first movement of the B-flat symphony. He is not even invariably musical. A deal of his intellectualism is scholasticism and sterility. Much as he detested Max Reger's music, d'Indy rivaled him in the production of paper works, apparently designed for the amusement of future analysts. He was not a great melodic inventor; and he excelled in the production of square music, of an almost fabulous angularity: witness the scherzo of the piano sonata. Certainly when, as in the slow movement of the "Sinfonia de Bello Gallico," the theme after six measures disappears in a tangle of crabbed counterpoint, the effect cannot be attributed to austerity.

A modest and realistic propaganda might conceivably have won the musicians, puzzled and frightened alike by the novelties, difficulties and failures of d'Indy's art. At least, it would not have infuriated and repelled them by associating their inability to enjoy the music with an ex-

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very naturally did. And the repulsion has endured to this day, in spite of the efforts of the sincere artists who made d'Indy's art their care, and the respect with which his last dramatic work, "La Légende de Saint Christophe," was received by the operatic public in Paris. It is therefore to be hoped that the event of his death, by its effect on the piety of musicians, will be productive of d'Indy revivals, and give the present world an opportunity of feeling the beauties and nobilities of the thought and style of his best work. For he was one of the few, and perhaps the most, naturally determined of French symphonists. His early symphony for orchestra and piano, not the overrated "Summer Day on the Mountains," but the "Cevenole," and his symphony in B-flat, are richer than Franck's, less freighted with prolixities, and more goldsmithlike in workmanship. And his piano sonata is one of the glories of its class.

III

There would be little profit in quitting the field without attempting to make amends, to the full extent of our small powers, to an American composer stupidly neglected this season by the musical press. This composer is Wallingford Riegger, and the poor treatment he received at the hands of the professional critics was incidental to the performance of his "Rhapsody for Orchestra" early in the winter by the Philharmonic under Kleiber. Some of the writers gave him space while others did not, but none gave him any of the applause his piece richly merited; and evidently for no better reason than the one that, with the exception of an episode in the middle of the rhapsody, which was chromatic in scheme, the whole composition was atonal, or rather, free of diatonic tonality. Yet it was evidently the work of an excellent musician, magnificent in texture and consistent in idea, grateful to the ear and lucid in form.

One might suppose that the fact that the author was several times a prize man, having gained the Paderewski Award in 1921 for his piano trio in B-minor, and the Coolidge Award in 1924 for his cantata "La Belle Dame sans Merci," and the honor of Doctor of Music from the Cincinnati Conservatory, would have helped our friends over their prejudice against the "modern" style: by showing them that at least it was not helplessness in the older styles which had impelled Riegger to essay the new one. And there were other proofs of his integrity, to be had with little expenditure of energy. A comparison of his works in the older, chromatic style with those in the more advanced styles would have revealed that, greatly as the idioms might differ, the spirit and feeling of all were related. Whether indeed the style, as in the piano trio and other early works is thoroughly chromatic, or whether, as in the piano piece "Blue Voyage," inspired by Aiken's novel, it is impressionistic, without definite tonality, or whether, as in the best passages of the rhapsody, or in the more recent "Sonority for Violins," performed a few years ago by Stokowski, or the "Suite for Flute Solo," played last season by Barrère, it is built on arbitrarily selected tonal centers, the world-feeling underlying all Riegger's position. It is also the feeling of one himself searching for some firmness in the oceanic flux: gently, quizzically, incessantly questioning. Riegger to some degree seems to be continuing the expression of the spirit we have come to associate with Debussy and impressionism: even though his idiom is perfectly distinctive, and his interest more that of thematic development than of tone-color.

But the atonalism seems to have obstructed the writers, to a man. The fact is curious. If indeed one is unable to hear the relation of note to note, freshly, and without past experiences, in every composition, whether it be tonal, bitonal or without any tonality whatsoever, what indeed can one be said actually to be hearing?

PAUL ROSENFELD.

The New Republic College Contest

THE EDITORS of The New Republic, who acted as the judges in the writing contest conducted by the paper among college students, have completed their consideration of the manuscripts submitted—a formidable task in view of the large number of entries. The prize awards are as follows:

SKETCHES

The prize is awarded to Otis C. Ferguson of Clark University, for his sketch called "Gaush!"

Honorable mention is given to "New World," by Helen G. Kelly of George Washington University.

Honorable mention is also awarded to "Of the City," by Eugene Joffe, of Columbia University.

ARTICLES

The prize is awarded to Charles H. Preston of Muhlenberg College, for his article, "America and Russia."

Honorable mention is given "Whose Education Is It?" by Roscoe M. Bloss of Oberlin College.

Honorable mention is also given to Arthur Younger of New York University (Washington Square College) for his article, "Liberal, Socialist or Communist."

BOOK REVIEWS

The prize-winning book review is by William J. Gorman of the University of Michigan, and deals with "The Apes of God," by Wyndham Lewis.

Honorable mention is given to Raymond Nathan of New York University for his review of "Brave New World," by Aldous Huxley.

EDITORIALS

The prize in the field of the editorial goes to Arthur Clifford, University of Michigan, for an editorial entitled "1789-1932."

Honorable mention goes to Henry Black, of Montana State College, for "The Significance of Tax Difficulties."

Honorable mention also goes to Robert M. Newhouse, of the University of California at Los Angeles, for "The

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A manuscript, "Patriot's Catechism," submitted by Jack Fischer of the Oklahoma State University in this classification, was considered by the editors to be ineligible because of its technical form. It will, however, be published by The New Republic and Mr. Fischer will be paid our regular space rates. The manuscripts of Miss Kelly and Messrs. Joffe and Black will also be printed and paid for at regular rates. All these manuscripts, and the four prize-winning contributions, will be published in The New Republic this summer and as rapidly as the pressure on our columns will permit.

CORRESPONDENCE

Einstein and Mental Radio

SIR: In your issue of April 27, Mr. C. Hartley Grattan replies to my comments on his controversy with Albert Einstein. It appears that Einstein and his wife took an automobile ride with a young woman who told him certain things which were in Einstein's mind, and which the young woman could not have learned normally. At any rate, Einstein declared that this had happened, and Mr. Grattan ridiculed him for having so declared.

Now it so happens that on innumerable occasions my wife has told me things which were in my mind, and which she had no possible way of knowing normally. Other persons have done this for me, in carefully controlled tests, and I have stated the facts in a book called "Mental Radio," for the German edition of which Dr. Einstein wrote a preface. Having had these experiences, it was easy for me to believe that the young woman had "read" Einstein's mind. The fact that this young woman had given demonstrations upon the stage made no difference that I could see. I am not aware of any scientific principle which renders a fact invalid because it has happened to a stage person. To be sure, we expect trickery upon the stage—but what has that to do with the reading of Einstein's mind while he is riding in an automobile? As I said in my letter to The New Republic:

> If it was so, he knew it was so; then he had to choose between doing his duty as a scientist, or shrinking from the ridicule of those who are content to judge without investigating. . . .

Now comes Mr. Grattan, and his answer avoids the issue completely. He says:

> I should like to say, by way of clarification, that my attitude toward psychical phenomena is not one of ill considered hostility. It just happens that I have lately examined the life of William James in detail. James, as everyone knows, was interested in these matters and gave them much attention at a time in his career when his normal activities were very exacting of his time. This upshot of his work was an entirely negative conclusion about the possibilities of communicating with any world beyond our own.

Since I cannot assume that Mr. Grattan is here deftly sidestepping the argument, I am forced to the conclusion that he does not know the difference between telepathy and spiritualism. Why bring up "any world beyond our own"? Einstein said nothing about such a world, nor did I. The subject we were discussing is the passing of an idea from one mind to another by means other than the known sense channels. The title of my book, "Mental Radio," makes plain that I am discussing the possibility of this happening through some forces of this world. That William James was a believer in this possibility is something which no student can question. He personally told me that he *knew* telepathy to be a reality, and anyone who will examine the record of his experience with Mrs. Piper will understand that he could not have questioned it.

Apparently The New Republic shares Mr. Grattan's misconception as to the nature of the discussion; for you put over the controversy the heading "Einstein and Spiritualism." Now, I am not a spiritualist, and I have no desire to defend spiritualism. I am a student of psychic phenomena, and I have no desire to defend Einstein. I am a student of Einstein, and I have no desire to defend psychic phenomena. I am a student of both, let the spirits rest in their graves, or their heaven, or wherever they may be, and talk about the thing which Einstein was talking about.

Pasadena, Calif. UPTON SINCLAIR.

The Technique of a Revolution

SIR: Mr. Josephson, in your issue of April 13, speaks of the Fascist coup d'état of 1922 with the authority of an eyewitness, having been in Rome at the time. But in his review of Malaparte's book ("La Technique du Coup d'Etat") he seems to accept its statements with so little question that I for one am left wondering whether he means to vouch for them personally, and thereby encounter the serious controversion which they, in common with most Fascist assertions, incur.

Did he count the 50,000 Fascisti alleged to have "besieged" Rome? And is he prepared to confirm their numbers, in contradiction to Professor Salvemini who writes, "Not more than 8,000 Fascists took part in it [the March on Rome]"? ("The Fascist Dictatorship in Italy," page 109.)

On the paralysis of the country by labor organizations, the whole of Professor Salvemini's second chapter is pertinent, and especially page 108, which shows the increase in saving and investment during the "paralyzed" years.

The same chapter exposes the primary responsibility for the Fascist coup, which rested with a capitalist and military clique including the Commander-in-Chief General Diaz and the King's cousin, the Duke of Aosta. Mussolini's "technological methods" therefore resolve themselves into taking what his employers—already in strategic possession of the country—gave him, and at the same time providing window-dressing to distract attention from the real conspiracy, which was an "inside job," camouflaged as revolution.

I should be glad to know whether Mr. Josephson meant to sustain Malaparte's version against Salvemini's.

Buffalo, N. Y. C. I. CLAFLIN.

SIR: No, I do not vouch for the 100-percent accuracy of Malaparte's work, which I apologetically termed "somewhat slight and sketchy." I was engaged in presenting the views of a Fascist (though a dissenting one, as is well known) upon the Mussolini coup d'état of 1922. Nor would I vouch for the letter-perfect accuracy of Professor Salvemini's work in this field, this authority being even more widely noted for his fierce opposition to Fascism. As for the number of persons who take part in a siege or an uprising, historians have shown notorious differences in their calculations of such affairs. I don't think it would have mattered much if Mussolini had entered Rome in an old yellow taxicab, rather than at the head of an army of black shirts. It is his political acumen that has mattered.

But neither Malaparte nor his reviewer, in this case, was so interested in picturing the preliminary political-economic events which conditioned the Fascist revolution as in giving an account of the organization for the coup d'état, and the technique thereof. The motives behind this seizure of state power would offer a theme for another study, of a totally different nature. Malaparte is fairly blank on this phase of the question. I should incline to agree with Mr. Claflin, and therefore with Salvemini, that the collusion of North Italian industrialists and of the King (who countermanded Facta's call for martial law) with the Mussolini party contributed greatly to the success of that party.

Gaylordsville, Conn. MATTHEW JOSEPHSON.

The Swedish Juggler

SIR: Mr. John Flynn in his article on Ivar Kreuger, in The New Republic of May 25, has in some respects the proper approach to the subject, but there are a number of errors in his otherwise competent piece . . . which probably arise from a hasty digest of newspaper accounts. The 350,000 shares of Diamond Match stock were not delivered to four banks a year ago as Mr. Flynn says, but in February of this year. This is important in that it shows the anxiety of the banks, sudden anxiety, to have collateral put up on a loan until then unsecured. Did the banks

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Street was selling the Kreuger securities heavily then. Were loan accounts on Kreuger securities being liquidated then? You see, it is a rather important error.

Further along Mr. Flynn says Kreuger "therefore cabled the International Match Company to send the German bonds to the Skandinaviska Credit Bank." This shows that Flynn has certainly not arrived at the full significance of the Kreuger debacle, because International Match never at any time had its hands on these German bonds. Nor did Kreuger have to cable for permission to do anything, because in 1924 International Match directors voted to give Kreuger full power to do anything without permission except change the company's capital structure. Mr. Flynn misses this significant point entirely: that Kreuger did not have to answer to any board of directors or ask for permission to do anything. The $50,000,000 of German bonds, testimony given at the receiver's hearing in New York recently indicated, were delivered by the German government to the Deutsches Union Bank, subject to Kreuger's order. Kreuger then, without consulting anyone, had the bonds transferred to a Danish bank, the Danska Landsmans Banken, and at this point he directed them to be held for the Skandinaviska Kreditaktiebolaget, an institution in which he held an 11-percent interest. This is an important error Mr. Flynn makes, because he misses the point that long ago Mr. Kreuger threw off any restraining influence. . . .

I have not noticed Mr. Flynn or any other of your writers, in seeking after the significance of affairs like the Kreuger and Insull episodes, speculate as to the effect these debacles will have on private investment in the future. It will, undoubtedly, take a very long time before unwary John Public is again enticed into buying securities of this type. Without investment by the general public there is bound to be a great change in the capital market, because large investors are not alone sufficient to keep the supply of new capital always flowing. . . .

New York City. MALACHY FANE.

Art and the Leisure Class

SIR: Surely there is no need to point out that Comrade Hicks's remarks about the leisure class [in The New Republic of May 25] apply to Homer, Dante, Racine, Shakespeare, Goethe, etc. We have no objection to being exiled in such company, but the question arises: Where does that leave Mr. Hicks? The question is of no interest, except that Mr. Hicks represents a widely held point of view (perhaps the notion that reading Marx is a more practical thing for an American to do than reading Aristotle) shared by many of the contributors to The New Republic, such as Mr. Wilson and Mr. Arvin, and by The New Masses, and by American Communist well wishers. If Mr. Hicks were able to think out the implications of his point of view this is what he would say:

I have college degrees, I must earn my living, and I have a job as a teacher of literature. But literature means nothing to me, nor does painting, music, science, philosophy or any disinterested study. All these activities which civilized people throughout all history pursued for their own sake and for enjoyment have no justification. Life is serious: it is filled with other people's pain, poverty and misfortunes. It is pure self-indulgence for anyone to do any work which is not directed to alleviating the hardships of mankind, *i. e.*, the proletariat. It is *worse* than self-indulgence; people who believe that they should live their own lives and strive for what goods and perfection are open to them are "parasites or worse." All work must stop, all individuality must perish and all pleasures must be renounced until Mr. Hicks has made the miners in Kentucky, the coolies in China and the "untouchables" in India contented. We and the miners are naturally good and comradely; the evil of human nature is concentrated in capitalists and once their society is destroyed earth will be a paradise. Then arts and letters and science will flourish, and the wolf and the lamb will lie down together.

It is quite intelligible that people who have nothing and see no prospect of improving their fortunes should want to destroy a society. (We are unwilling to believe that Mr. Hicks is a member [illegible]

interest in culture, as it would be for a Roman school teacher to hail Attila at his approach as the heir and restorer of the glories of Greece.

But more seriously, we should like to point out that an alternative point of view is possible: We have two reasons for keeping clear of the class struggle: (1) Intellectual freedom has as much to suffer from extreme Fascism as from extreme Communism. (2) We stick to what we know a little about, which is philosophy, art and literature. We do not go into politics and suggest tearing down present abuses because we have no ideas for better substitutes. Knowing our ignorance, we have studied The New Masses and The New Republic in order to discover what plan the liberal thought of this country has evolved to replace the present muddle, and we have so far discovered nothing thoroughly thought out or constructive in anything more than minor details. We believe that minding one's own business can often be of more use than missionary preaching, and that a man like Homer, who loved and pursued nothing but his art, brought deeper consolation to old and young, rich man and poor man, than a man like Rousseau, who professed to serve humanity directly.

BERNARD BANDLER, II,
LINCOLN KIRSTEIN,
New York City. A. HYATT MAYOR.

SIR: Twice in your pages Mr. Granville Hicks has accused the regular contributors to The Hound and Horn of being members of the leisure class. The editors of The Hound and Horn, in taking up the challenge, have exonerated those of their contributors who are not members of the leisure class. This leaves me to exonerate myself, as I am a member of that class. In order to do so exhaustively, I would have to declare my belief in Christianity, my opposition to Fascism and Communism, my ignorance of classical learning and my impatience with the esoteric style in letters. So I shall not be exhaustive.

Mr. Hicks says that as the editors cannot find poems consistent with The Hound and Horn's attitude, much of the poetry comes out of an entirely different attitude, but he says the reviews are consistent with this attitude, and are sterile. Yet I am one of those who have regularly contributed both poems and reviews to The Hound and Horn and all my work proceeds from one and the same attitude. This, in Mr. Hicks's snobbish phrase, "distinguishes me from less fortunate members of society," which is certainly nothing against it. If my writings do not help other people to distinguish themselves, if my poems or reviews are sterile, that is not because I am a member of the leisure class. If it is revolutionaries or reformers Mr. Hicks is after, he should emphasize the fact that the leisure class has contributed its share, and I dare say even the predominantly effective share.

I find it strange to read Mr. Hicks's serious, if vague, insinuations against artists of my class in the pages of The New Republic, which is surely a leisure-class organ if The Hound and Horn is one. I think the quarrel is largely one of means rather than one of ends, like most serious quarrels. The Hound and Horn has no defined political or social program. The New Republic has several. Most of its contributors and readers are content that these matters should remain as they are. The real point at issue is, I think, that of the technical, as against the sociological, criticism of contemporary culture. The New Republic tends to favor the sociological. The Hound and Horn tends to favor the technical. As for me, I think that social progress is impeded more than it is furthered by critics who substitute sociological prophecy for the discernment of the next immediate technical advance in the arts and sciences. The radical labor movement is the most important single influence for the progress of mankind today, but persons who are not directly concerned in that movement can occupy their lives in many important directions.

Mr. Hicks has distorted the relation of leisure-class artists to the great traditions of culture. This would tend to bring the regular contributors of The Hound and Horn into vulgar disrepute. I think that if he had limited himself to elucidating the various social implications of the work of The Hound and Horn's writers, which is what he is bearing down on after all, he might perhaps have been more relevant.

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Water in the Hold

The Holding Company: Its Public Significance and its Regulation, by James C. Bonbright and Gardiner C. Means. New York: Whittlesey House. 398 pages. $4.

ALTHOUGH the holding company played an extremely important part in the events leading to the crash of 1929, and now contributes to the general financial insecurity—to say nothing of its effect on the consuming public—it has so far managed to escape regulation and even close scrutiny. The first thorough analysis of its pros and cons is embodied in the present work by two members of the Columbia University faculty, who have long specialized in the field and whose findings carry the highest authority.

Professor Bonbright and Mr. Means have traced the origin of this "characteristically American institution" to the year 1888, when New Jersey, "eager to enrich its treasury with license fees from corporate promoters, amended its general corporation law so as to permit corporations freely to hold the stock of other corporations." Since then, and especially in recent years, holding companies have sprouted everywhere—among industries, public utilities, railroads and banks. Each of these the authors discuss in turn.

It is in the public-utilities field that the holding company has attained its maximum development. From ten to twelve great systems have come to dominate the electric-power industry of the United States, with consequences gravely anti-social. The motives which caused public-utility promoters to form holding companies are the same "which once made stock-watering the order of the day." The watering of stock and the overvaluation of assets were almost universal practices of the operating companies in the days before commission regulation. Today, as the authors point out, these practices are largely confined to the holding companies, which are still unregulated. And the consumer pays. It is the judgment of Messrs. Bonbright and Means that, despite all denials by public-utility spokesmen, the consumer suffers in terms of higher rates from the holding company's excessive capitalization.

The investor likewise is victimized. The financial weaknesses of the holding company—which, according to its promoters, makes for strength and security—stand forth in the authors' careful analysis of the structure of the major utility systems. In varying degree each reveals "vicious and unethical intercorporate relationship," and the pyramiding of holding company upon holding company, thus enabling the dominating few to reap great fortunes and to maintain their control of vast capital—other people's money—by a relatively microscopic investment of their own. In this process, so the authors assert, "public-utility operators and bankers have resorted to every known device for disfranchising the great mass of investors."

A case in point is the creation, by the Associated Gas and Electric System—in Massachusetts, where regulation has been deemed more stringent and more watchful of the public interest than in other states—of the New England Gas and Electric Association, to hold the controlling stock of the Associated Gas and Electric affiliates. But the voting stock was not even held directly by this new company: it was owned by individuals identified with the control of the system. Information as to the ultimate ownership of these shares was refused to a special commission of the state legislature. And yet, by means of a special voting stock, policies can be adopted and acts of the management ratified by insiders, not only without t[illegible] of ordinary security holders. This arrangement is rich in opportunities for financial sleight-of-hand and for promoting a great variety of "securities"—all of them based, let it be constantly remembered, on the revenue from electric current or gas, paid by the consumer at the base of the pyramid. The Associated Gas and Electric Company had, in 1931, eighteen separate classes of bonds or debentures and ten separate classes of stock, preferred and common, in addition to several issues of stock-purchase rights and $8 interest-bearing "allotment certificates." So labyrinthine is the system—composed of several hundred corporations to hold, to operate, to subhold, to trade in the system's securities, to manage its properties, to construct its plants, to do its advertising—that its vice president confessed on the stand his inability to recall in what companies he was a director or officer, and even the nature of the business transacted by some of these.

How some two and one-half billion dollars' worth of capital can be controlled as a private family perquisite is illustrated in the case of the Insull system, the third largest in the country. Here we have Samuel Insull as chairman of the board of each of the five major companies; Samuel Insull, Jr., as vice president of four and president of a fifth; Martin J. Insull, brother of Samuel, as president of the largest unit, the Middle West Utilities Company, and a director of four others. What happened to the Insull system is accurately prophesied by the authors, in words presumably written weeks before its collapse.

Can holding companies be regulated? While the courts have pretty generally ruled that holding companies are not "public utilities," the question whether a legislature can subject them to commission supervision has not been finally adjudicated, since no statute has actually been framed to test the point. We may feel certain that a major battle-at-law will shortly be waged over this issue, on account of the huge financial stake involved. At present, our inadequate system of public-utility control by state commissions threatens to be completely nullified. Messrs. Bonbright and Means conclude that the control of holding companies is the only solution short of public ownership. "The time is fast coming," they conclude, "when the people of the United States will no longer submit to this economic dictatorship . . . now becoming more powerful than the government itself."

ERNEST GRUENING.

Imperialism on Trial

The Spirit of World Politics, by William Ernest Hocking. New York: The Macmillan Company. 571 pages. $5.

IN THIS volume, Professor Hocking turns his acute philosophic mind to the problem of world politics, with particular reference to the Near East. His major interest is in attempting to discover what is the basis and the nature of nationalism and imperialism, whether or not there are too many nations in the world, and to what extent the strong powers are justified in keeping weaker peoples in subjection. He attempts to answer these questions not only by a priori reasoning, but by first-hand observation in Syria, Palestine and Egypt. The nations of the Near East are "backward" in so far as they have not yet mastered nature, or attained to a high degree of public morality and a concern for the condition of the common people. These nations are, however, ahead of the West "in grace of life,

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versation, intuitive poetry and metaphysical sense." Throughout the whole of the Orient, there broods a "sense of *latency*, of an immense and unfathomed capacity for new life, the potency of something radically different from our type, if it can be given its own time and mode of growth."

After raising the question whether Egypt is fit for self-government—which he answers in the affirmative—Professor Hocking then comes to a more fundamental inquiry. Are there not too many nations in the world, each falling over the other, unable to solve the problems caused by conflicting sovereignties? To him any national group which is an "experiment in living" should have the right to exist. Just as different personalities are important, so different groups may by their diversities enrich the world's culture.

But states not only have rights; they have also obligations. Mr. Hocking would require a state to assume the duty of intelligent management of territory and natural wealth, the duty of good government, the duty of a competent world intercourse, the duty of cultural fertility. Any free community, moreover, must have a positive and systematic concern for the welfare of the masses. The test of readiness for self-government is not political perfection: it is the capacity to profit by one's mistakes.

Professor Hocking's discussion of nationalism and imperialism is both brilliant and profound—quite the best which the reviewer has seen, even though he does not entirely agree with the analysis. Moreover, the author's survey of the situation in the Near East, written with rare humor, and doing justice where justice is due, repeatedly scores against British and French imperialism. What will offend British readers most is his question: Is England capable of governing Egypt? On this point he declares, "It is especially disastrous for any people to live among a people which it holds in contempt." The Egyptians no longer accept the postulate of British superiority. Consequently their disposition to learn from the British is lacking, so that the days of British usefulness to Egypt are over.

Important as this book is, it is subject to two criticisms: it lacks unity; and although the author, whose own field is philosophy, has amassed an extraordinary fund of knowledge about the present situation in the Near East, he has not had time to familiarize himself with the literature of imperialism, nor to study its history. It is a bold writer who discusses the Near East and Africa without having made use, apparently, of Wright's "Mandates under the League of Nations," MacCallum's "Nationalist Crusade in Syria," Lugard's "Dual Mandate in Africa" and other standard treatises. This inadequate documentation leads to the commission of petty sins, such as the statement that Kenya approaches "mandate" behavior, and the failure to mention the important system of "indirect rule" so successfully developed by the British in the Sudan. What is more important, this lack of a thorough historical background makes many of Mr. Hocking's theoretical demonstrations sound unreal. Thus to him the question of stopping forced labor is a problem of morality "and of honor." So far as past experience is concerned, the fundamental solution is essentially economic, and consists in introducing into backward areas a system of economic development which will encourage native proprietorship and discourage the large European plantation and mining system, which in the past has made forced labor inevitable.

Whatever the faults of the book, Professor Hocking has invoked an analytic method in his study which political scientists would do well to imitate. "The best hope," he says, "is in a mixture and interplay of reflection with ever, must insist that the selection of fact be wide enough to make sure that the reflection is not the product of imagination, but of reality.

RAYMOND LESLIE BUELL.

Prologue to Revolution

Rural Russia Under the Old Regime: A History of the Landlord-Peasant World and a Prologue to the Peasant Revolution of 1917, by Geroid Tanquary Robinson. New York: Longmans, Green and Company. 342 pages. $4.

THE FIRST page of this admirable book sets before the reader a scene upon which the author stumbled in the autumn of 1926 as he was traveling through the grasslands of central Russia: the gutted ruin of a manor house, its two habitable rooms sheltering the district agronomist, its yawning windows giving upon a park run wild, a formal garden invaded by brambles and an orchard well tended by the new masters, unkempt, bast-shod peasants. What forces laid waste this mansion and turned its broad acres over to those who for generations had tilled them? Why was this change inevitable, and precisely how did it come about? Such are in substance the questions which Professor Robinson undertakes to answer here. Being possessed of the historian's passion for tracing things to their origins, he begins his tale practically *ab ovo* and, when he brings to a close this first volume of his work, the lords of the manor do not yet know that the hour of doom is about to strike. What he has given us so far is, in effect, an introduction to a history of the part played by the peasantry in the revolution that shook the world.

Pushkin's famous Latin-Russian pun: "O rus! O Rus?" has not lost its point even in this fifteenth year of the Soviet era. In spite of frantic efforts at industrialization, rural Russia is still largely synonymous with Russia as a whole. And so this account of "the landlord-peasant world" comes very near being a concise socio-economic history of the country. The stress is largely on the more recent years; only a third of the book is devoted to the period up to the emancipation of the serfs. An equal amount of space is given to a masterly analysis of the Statutes of February 19, 1861, and to a survey of the lamentable state of the peasantry during the four decades which followed the great reform, the progressive decay of the landed gentry and the rise of the middle class also receiving some consideration. The rest of the book is given to the crisis of 1905-6, with its "great jacquerie," and to the short period between this abortive revolution and the one which began its dazzling career in 1917.

The two points that this book brings home most effectively are the strength of the collectivist tradition in the village and the stubborn spirit of revolt among the peasants. Here, as in lesser matters, Professor Robinson is following the lead of the best Russian scholarship. But if he offers no new synthesis, his strict adherence to evidence, the richness of his documentation, the soundness of his judgment, the clarity of his thinking, combine to raise this work to the level of the finest historical writing. The thoroughness which is his signature makes rather arid reading of some parts of the book. But many pages are enlivened by the shrewd depiction of things seen and heard, for the author has not merely laid under contribution the most rewarding texts, but has profited by having lived among the people of whom he tells the tale. Indeed, his aim was not merely to produce an accurate chronicle but,

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some sense of the reality of life in the log houses of the forests and the post-and-plaster houses of the *step*." If he has not quite fulfilled this second ambition, and if for such an immediate sense of Russian peasant life one must still go to Turgenev, to Chekhov and to Bunin, the fault is not so much with the historian as with the limitations of the historic method. Within those limitations Professor Robinson has produced a book of high merit and lasting value.

AVRAHM YARMOLINSKY.

Washington and Howe

George Washington, by Louis Martin Sears. New York: Thomas Y. Crowell Company. 560 pages. $5.

George Washington: Soul of the Revolution, by Norwood Young. New York: Robert M. McBride and Company. 404 pages. $3.50.

George Washington and the Negro, by Walter H. Mazyck. Washington: The Associated Publishers, Inc. 180 pages. $2.15.

Sir Billy Howe, by Bellamy Partridge. New York: Longmans, Green and Company. 301 pages. $3.50.

WITH OVER a thousand books on George Washington already in existence, it is hard for the average biographer to justify himself in adding another. Unless, like Mr. Rupert Hughes, he can offer a wealth of new material or, like M. Bernard Faÿ, he can produce a brilliant interpretation, his work can have no great importance. Neither Mr. Sears nor Mr. Young has been able to contribute anything to our knowledge, and Mr. Mazyck has merely drawn together some scattered facts in order to present a special plea.

Mr. Sears makes his bow to Mr. Hughes for having written "the definitive Life," and then goes on to excuse his own work on the grounds that one volume is easier to read than three. So it should be, but Mr. Sears's murky prose makes one chapter of his book harder to wade through than a thousand pages of Mr. Hughes. His battle scenes are lumbering—the very movement of the book is fat. He has drawn heavily on Ford's edition of Washington's writings, and the best feature of his narrative is his frequent quoting from the letters of the general. But he belongs to that unhappy breed of biographers who become so enthralled by a great man that all his contemporaries suffer in comparison. Discovering Washington, Mr. Sears has taken the trouble to discover no one else. He repeats all the Victorian prejudices. His dictum that Charles Lee "may be pictured to posterity as a traitor of perhaps an even deeper dye than Arnold" is absurd; Mr. Sears should read the testimony of the British general, Sir Henry Clinton, on that subject. Throughout the book the author offers lukewarm morsels of amateur psychology. A comparison of Washington's sexual pattern with that of Lincoln's might be instructive if Mr. Sears had a single arresting idea on the subject; but all he can arrive at in his weighty discussion is the fact that the Virginia fox-hunter was "unvaryingly masculine," and the Kentucky rail-splitter undersexed and "neutral." As for his classification of Washington as "a marked schizoid personality," the truth of the matter is that no man's personality was ever so coherent, so unified, so parallel to his ideas.

Mr. Norwood Young displays far more skill as a biographer, but it is hard to see why his publishers should attach so much importance to his being an Englishman. Surely Trevelyan's great work removed all doubt that a [illegible] leaders. Mr. Young's perspective is admirable, and the clarity of his style is refreshing. What he has to say on the Seven Years' War should be helpful to those who persist in thinking of it as a mere scrap between the French and English in the Ohio country. He has allowed the events of the Revolution to overbalance the rest of his book; but perhaps, since he writes from a British point of view, it is wise that he should. He does, however, devote too much space to battles; and I cannot agree with his judgment that the sea-fight between Graves and Grasse off Yorktown was of greater importance than the surrender of Burgoyne at Saratoga. Mr. Young has written neither a profound nor a provocative biography, but it is a good one, in a pedestrian way, and it may be recommended to those who want a fair and readable account of Washington and the War for Independence.

Mr. Mazyck's "George Washington and the Negro" is of value, but it is a limited and specialized work, of interest mainly to students of sociology. The author bungles his best arguments by being overzealous. He is so hysterical about "the tyranny of slavery" and the "criminal" persecution of Negroes that his book may be thought of only as propaganda for the liberation of the colored race. Its principal bearing on George Washington is that he was a slaveholder and rather more humane than most.

It is strange that Sir William Howe, the general who opposed Washington for the first three years of the Revolution, should have had to wait a century and a half for his first biography, whereas the works on Washington require a library to accommodate them. Mr. Partridge has written a much needed book and a very capable one. He has been able to look upon the curious behavior of his general between 1775 and 1778 without ever losing his sense of humor, and his attitude is at once ironical and affectionate.

The publishers would like the reader to believe that Mr. Partridge has made "amazing" discoveries and an "amazing" explanation. As a matter of fact, he has not discovered a great deal, and his explanation is merely faithful to the facts. Although he has examined the Clinton Papers at Ann Arbor with an open eye, Clinton's "masked letter" is perhaps the only document of great historical importance that appears here in print for the first time. It is Mr. Partridge's interpretation of the documents that gives the real vitality to this book.

Howe's generalship has puzzled historians for fifteen decades. What was the true motive of the man who had the ragged American army in his grasp at least half a dozen times, and then backed off and allowed it to escape? What kept him from pushing the victory that was already his at New York, at White Plains, at Brandywine? His contemporary enemies said that he was too fond of the bottle and his beautiful mistress, Mrs. Loring, to care about winning the war. Mr. W. E. Woodward thinks he was a victim of shell shock. But Mr. Partridge is convinced that Howe wanted the Americans to win and that he let the Revolution fail on purpose. Howe was a Whig, and this was a Tory war.

It is not a new explanation, but it is probably the correct one. A hundred and fifty years ago Johnstone, whom the author fails to quote, anticipated Mr. Partridge by accusing Howe of "being wedded to a system of politics that favored the rebellion." Mauduit, whom he also fails to quote, said that no matter how well Howe began a battle, he "invariably took care that it should not be decisive." A good Whig said to Horace Walpole: "I have

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he is one of us and will do the Americans no harm." And he never did. With what Mauduit called "his superior care and tenderness," Howe threw away his axe every time he had Washington's head on the butcher's block. He was striving for a bloodless peace; he thought the war "impracticable"; and he knew that a victory would strengthen the Tory government which he hated. He confessed as much out of his own mouth at the Court of Inquiry when he said that he had "political reasons and no other" for refusing to pursue the fleeing Continental army at White Plains.

Mr. Partridge has presented the case with skill. The chief defect of his book is a tendency towards smartness. It does not enliven his prose to speak of John Adams as John. And the title of this biography is equally unfortunate. Lieutenant-General Sir William Howe, for all his foibles, was a man of dignity, and to refer to him as Sir Billy is tabloidesque. But despite these surface faults, Mr. Partridge has written a book at once scholarly and engrossing. His inclusion of the full text of Howe's "Narrative," which has not been in print since 1780, is of inestimable value.

JOHN HYDE PRESTON.

The Romantic Temper

Year Before Last, by Kay Boyle. New York: Harrison Smith. $2.50.

KAY BOYLE has done brilliantly what is so often done weakly. She has pictured an individual too sensitive and resilient to be "conditioned," and so at odds with the world. He is also fighting with fate, for he is hopelessly ill. He is poet, ex-patriot, bohemian, but without the false denial of sincerity that marked the "lost generation." His is the beautifully flaring spirit, individualism at its best. That we are led to accept Martin as Hannah accepts him is a feat, for it takes at least a modicum of genius to depict a genius.

Martin is a poet, he is beautiful and he is dying. And Hannah, wholly subject to his beauty, leaves her husband to become his lover and nurse. Here is the romantic theme and the romantic temper in modern form. Love is accepted, if without sentimentality, also without animalism or the false logic which would destroy it because of its origin. "If love is an element like the weather or wind, then it must go unchallenged," reflects Hannah. And death is met in the same spirit, with a cry not so much of protest as of terror.

We follow these two, their playfulness, their perfidies, their love. They are gallant creatures, stalked by a shadow they refuse to face. The story moves swiftly and more directly than in Miss Boyle's earlier novel, "Plagued by the Nightingale." That book was richer, more complex, and its emotion more diffused, but it came near preciosity, as do some of the short stories. But even when Kay Boyle's work threatens to be overwrought, it is saved by the power and sincerity of her emotion and the distinction of the style.

Her prose is as highly charged as poetry, both emotionally and rhetorically. Its cadence suggests at times the falling sentence-close of Irish speech. The words are homely and honest—in the best sense, poetic. The figures are often stunning: ". . . and the milk of the clouds flowed steadily from the strong teats of the southern wind." Every detail is weighted: even playfulness serves to heighten terror. to every perception, she usually achieves her effect without actual distortion. And when she does distort, as when Martin, coughing, resembles a hunted fox, it is done with genius. Only when she attempts to be mystical does she fail.

Imagistic prose, stemming from the stream-of-consciousness, is a natural mode to people highly keyed to sensuous perception. But it varies in kind. In Virginia Woolf, where the approach is intellectual as well as sensuous, it is derived, an imagism of what the mind knows, a subtle and sophisticated play. If the balance is decidedly in the other direction, as in Waldo Frank, we have a feverish, almost physiological imagery. In Kay Boyle, at her best, the balance is nice—emotional, but with the perception swift and right. Where others clothe feeling in a bright array of words, she gives it the exquisite body in which it lives.

MYRA MARINI.

Book Notes

BIOGRAPHY

THE MAHDI OF ALLAH, by Richard A. Bermann. *New York: The Macmillan Company. 332 pages, illustrated. $2.50.*

In the 1870's, while the Khedive of Egypt was being tempted to borrow large sums from European governments, including the outlay for the Suez Canal, a Mohammedan dervish in the Sudan began a reform movement. Heinous sins, like drinking and smoking, were to be abolished; the reforming instrument, in true Mohammedan tradition, was to be the sword. The movement was successful. The Sudan was freed from Egyptian domination, and Egypt itself was threatened. Egyptian armies, stiffened by European officers, melted before the Mahdists. The great prestige of General Gordon did not stop them; his head on a spear became one of the Mahdist trophies. England and France both rushed in armies to "help" Egypt reconquer her lost province. While the excitement was red hot, European imagination painted the Mahdi as a primitive monster in human form. Mr. Bermann restores the man and the incidents to objectivity. He shows the corruption of the Egyptian administration which created the conditions for the revolt, and explains the social structure of Sudanese life which made it inevitable that the revolt take the form of a religious movement. His prose is energetic; its only fault is that it drives a little too hard, sometimes becoming breathless. The book as a whole is absorbing and effective, a really distinguished biography of the hero of an alien civilization.

PAST YEARS: An Autobiography, by Sir Oliver Lodge. *New York: Charles Scribner's Sons. 364 pages. $3.50.*

"Memoirs of a Self-Made Scientist" might well have been the title of this simple and unassuming record by one of the pioneers of modern physics—and psychic research. Sir Oliver's autobiography provides an excellent history of a period rich in new discoveries and theories of the universe. The discussion of early experimental and research work in the budding sciences of electromagnetics and atomic physics is well worth reading, despite the author's devotion to the classical ether theory. The final chapters, relating his adventures in the psychic world, make one of the most curious and—for the psychologist at least—most fascinating records of the "will to believe" in recent years. But Sir Oliver Lodge has done his work well, and he tells his story with a modesty and charm which do not require the further credential of literary power to give it a permanent value.

ECONOMICS

JOBS, MACHINES AND CAPITALISM, by Arthur Dahlberg. *New York: The Macmillan Company. 252 pages. $3.*

Dr. Dahlberg, an able engineer and economist, appeals to enlightened Big Business to save the capitalistic regime from disruption as a result of forces which, he believes, spell the doom

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capitalism modifies its own canons, to assure a more equitable distribution of purchasing power, can it avert a collectivist economy. His method of redistributing consumption is to shorten the hours of labor to the point where an actual labor scarcity would exist. Though Dr. Dahlberg's solution is in principle now part of the stock-in-trade of most contemporary economists, it was originally expressed by him in skeleton form in "Utopia Through Capitalism," which was privately published during the pre-depression era.

THE STRUCTURE OF COMPETITIVE INDUSTRY, by E. A. G. Robinson. *New York: Harcourt, Brace and Company. 184 pages. $1.25.*

This volume is the fifth of the Cambridge Economic Handbooks edited by John Maynard Keynes. The author's thesis is that perfect competition will produce the best sized or optimum industrial unit, characterized by the lowest average cost of production in the long run. Knowing, however, that competition in a world which is not optimum may sometimes be hampered, he allows for rationalization and other forms of compulsion to bring about the most economical structure for industry. He analyzes closely the various factors which make for the most desirable technical, managerial, financial, marketing and risk-surviving units and then discusses methods by which these optima may be reconciled to form the optimum firm. Here he makes a serious error. He assumes that the greatest profit is identical with the lowest average cost of production. Hence, he fails to point out that the determining force in combining the technical, managerial and other elements is not efficiency but profits. The motivation of competition to him is mysteriously idealistic.

Nudism

NUDISM COMES TO AMERICA, by Frances and Mason Merrill. *New York: Alfred A. Knopf. 300 pages, illustrated. $3.*

Not only anthropologists, but intellectuals of all types and cultured people generally, know that in many parts of the world nudity for both sexes at all ages is commonplace. They are aware that the natives of such areas are, for the most part, either over nor undersexed, neither unhealthily stimulated nor bored to death. "Nudism Comes to America" recounts, however, what happens when opinions on mixed nudity are solicited or elicited from persons of the higher cultural orders; and it is understatement to say that the reactions are amazingly varied and ludicrous. No sooner is the question put than the majority retreat into themselves, without a thought to the simple facts noted above, and seek an idiosyncratic answer in the recesses of their own consciousness of the body as an engine of sex and sin. The proof of the hidden, tender and single nature of the source of opinion is obviously revealed in the extremely complex, superficial and contradictory character of the qualms. Giggling, solicitous, thoughtful, learned or what-not, the cacophonous chorus of objections blends on the critical level in one great organ-toned if strident plea: "For God's sake, let's keep our pants on!"

Sea Chanties

CAPSTAN BARS, by David W. Bone. *New York: Harcourt, Brace and Company. 160 pages. $2.50.*

This slender book is compact with character; it is indeed a kind of reticent autobiography, full of brief remembrances of the sea, sailors, ships, storms, with the sound of chanties rising, rolling. In a neat and sailorlike fashion, the chanties are arranged with running comments on the ways in which they were sung in the days of sail and with some notations on their history. The book is all of a fine piece, in prose style, in the precision with which the airs are rendered, even in the clear look of the page and the fresh accents of the woodcuts by Freda Bone. If, with its quiet personal artistry, it has the charm of a memoir, it also has the breadth of an anthology, even though the words and music of only some twenty-odd chanties are given. These are widely representative, including some of American origin like "Shenandoah" and "Roll the Cotton Down." This collection may be placed

Fiction

PETER THE GREAT, by Alexei Tolstoy. *Translated by H. Chrouschoff Matheson. New York: Covici-Friede. $3.*

The age-old, violent struggle in Russia between the old and the new—which repeats itself today—is presented in effective parallel by this historical novel of the time of Peter the Great. Alexei Tolstoy's subject matter is excellent, but at least the first volume of the novel is not so interesting as it ought to be, since its characters, however accurately presented, refuse to come alive in their old setting. The author has made neither the people nor the setting significant, though one is convinced, somehow, of their authenticity. As in most historical novels which do not declare themselves as fantasy, the reader is sometimes left wondering where the fiction begins and documentation ends. This first volume takes us up to the suppression of the revolt of the Streltsi and Peter's return from the shipyards of Holland and the courts of Europe with the determination to suppress Moscow and establish St. Petersburg. The story deals largely with the struggle of forces against the Tsar as a child, his development into a savage, groping, wondering and determined youth; his tutelage by the Germans in Russia and his growth into the autocrat builder. A second volume, still to be translated, describes the rest of Peter's reign.

SOFT ANSWERS, by Richard Aldington. *New York: Doubleday, Doran and Company. $2.50.*

Not every one of these six stories about various levels of English life opens with the War, but somewhere in each one of them the War, and Aldington's consistent bitterness on that subject, enter and change the characters. Consequently the stories have a monotony of effect and subject which—combined with a continual patronizing and jerky way of describing events or people—makes them seem less distinguished than they probably are. Against this general heaviness, several incidents stand out as excellent and startling: the scene in the cheap saloon in "Now Lies She There," the humor of "Stepping Heavenward," and some of the situations in "A Gentleman of England."

Contributors

C. H. Whelden, Jr., who has contributed articles on economics to popular and technical journals, teaches Economics at Yale University. He is a member of the National Committee on Labor Injunctions and is district secretary of the American Statistical Association.

Carleton Beals, who contributes extensively to popular magazines, has written several books on Mexico, the most recent being "Banana Gold."

John Dos Passos, the well known author of plays and novels, recently published "1919," the second volume in a trilogy which he plans to complete next year.

Mark Van Doren, former literary editor of The Nation, is a critic, biographer, editor of an anthology of world poetry and the author of four volumes of verse. An anthology of American poetry from 1630 to 1930, which he has edited, will be issued in October.

Paul Rosenfeld, who has published several volumes of criticism on art, music and literature, is completing his second novel, his first being "The Boy in the Sun."

Ernest Gruening, editor of The Portland Evening News and formerly managing editor of The Nation, has long been a student of the power problem. He is the author of several books, including "The Public Pays, a Study in Power Propaganda."

Raymond Leslie Buell is research director of the Foreign Policy Association and author of several books and numerous articles on international relations.

Avrahm Yarmolinsky, author of a life of Turgenev, has recently published a memoir on Svinin, an early Russian traveler in the United States.

John Hyde Preston, the author of a biography of Mad Anthony Wayne, is completing a biographical history of the American Revolution which Harcourt, Brace plans to issue this fall.

Myra Marty [illegible]

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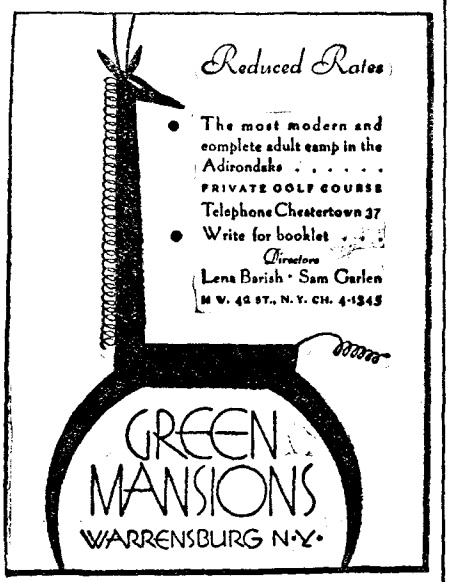

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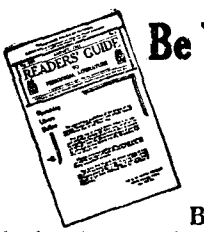

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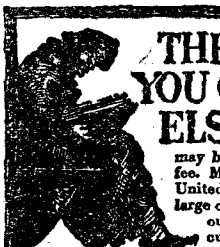

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